



COPY
OHIO VALLEY GAS, INC.

111 Energy Park Drive, P. O. Box 469, Winchester, IN 47394-0469

Phone: (765) 584-6842 Fax: (765) 584-0826

April 13, 2007

FILED

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**INDIANA UTILITY
REGULATORY COMMISSION**

Indiana Utility Regulatory Commission
302 West Washington Street, Room E306
Indianapolis, IN 46204

Re: Cause No. 43208

Please find enclosed Ohio Valley Gas, Inc's late-filed case-in-chief testimony and exhibits as per Petitioner's Unopposed Motion for Modification of Procedural Schedule filed March 20, 2007, and subsequently approved.

Sincerely,

OHIO VALLEY GAS, INC.

S. Mark Kerney
Vice President and
Chief Financial Officer

CC: Susan L. Macey, Utility Consumer Counselor
Larry J. Wallace, PARR RICHEY OBREMSKEY & MORTON

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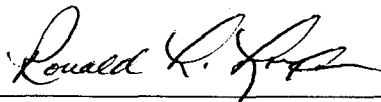
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CERTIFICATE OF SERVICE

I hereby certify that I have this day served a copy of the foregoing Prefiled Testimony and Exhibits of Ohio Valley Gas, Inc. in Cause No. 43208 upon the following by personal service or by depositing same in the U.S. Mail, first class, postage prepaid to the following addresses:

The Indiana Office of Utility Consumer Counselor
Indiana Government Center North
100 North Senate Avenue, Room N501
Indianapolis IN 46204-3215

Dated this 13th day of April, 2007.



Ronald L. Loyd
Vice President & General Manager
OHIO VALLEY GAS, INC.
111 Energy Park Drive
P. O. Box 469
Winchester IN 47394-0469
Telephone: 765-584-6842
Fax: 765-584-0826

1 49. Q. Are you the same Ronald L. Loyd who provided pre-filed direct testimony as a part
2 of Petitioner's case-in-chief filing of March 30, 2007 in this Cause No. 43208?

3 A. Yes.

4 50. Q. What is the nature and purpose of this additional testimony?

5 A. This additional testimony and accompanying Exhibit RLL-4 relate to Petitioner's
6 Cost of Service study and resultant rate design (proposed rates) as completed and
7 formulated by Petitioner's witness, Mr. Kerry Heid, and are provided now as a
8 result of Petitioner's unopposed request for, and Commission-ordered granting of,
9 an extension of time beyond the originally scheduled pre-filing date (March 30,
10 2007) for its Cost of Service study and rate design testimony and exhibits. Such
11 order provided for a late filing date for said exhibits and testimony of not later than
12 April 13, 2007.

13 51. Q. Please discuss the contents of Petitioner's Exhibit RLL-4.

14 A. Petitioner's Exhibit RLL-4 includes updated and revised rate sheets for each of the
15 various rates under which Petitioner provides service to its sales and
16 transportation customers. These rate sheets set forth in clear and definitive terms
17 all charges which may be applicable to customers being served under same,
18 including a monthly Facilities Charge, a Commodity Charge, reflecting the base
19 cost of gas and remaining costs not covered by the Facilities Charge, and other
20 charges as applicable to each rate.

21 52. Q. What material changes, if any, is Petitioner proposing to its various existing rate
22 sheets?

1 A. In addition to the proposed rates and charges applicable to each rate sheet,
2 Petitioner is proposing to make the following material changes:

3 - In its firm, small volume sales service rate (Rate 91), Petitioner is
4 proposing to set forth the applicability of the Normal Temperature Adjustment
5 (NTA) mechanism for which Petitioner is seeking approval in this Cause.
6 Appendix C would then further delineate the details of said NTA mechanism.
7 (NOTE: Existing Appendix C, which dealt with the handling of Transition Costs
8 applicable to gas transported under Petitioner's transportation service rates is no
9 longer applicable or necessary as such transition costs are no longer applicable.)

10 - In its firm, medium volume sales service rate (Rate 92), Petitioner is
11 proposing to eliminate the existing Demand Charge, and increase the monthly
12 Facilities Charge accordingly, in order to more properly align these rates with its
13 corresponding medium volume transportation service rate (Rate 96) so that
14 switching from a sales rate to a transportation rate will be revenue neutral to
15 Petitioner.

16 - In its interruptible sales service rate (Rate 93), Petitioner is proposing to
17 require customers being served or wishing to be served under this rate to provide
18 verifiable evidence of an alternative energy source to be used when (if) curtailment
19 of gas service is invoked.

20 - In all of its rates, Petitioner is proposing to eliminate existing Appendix D
21 which dealt with the mechanism by which a customer's bill is calculated. This
22 Appendix D has served its intended purpose and is no longer needed.

1 - In all of its rates, Petitioner is proposing to set forth the applicability of the
2 Pipeline Safety Adjustment (PSA) tracking mechanism for which Petitioner is
3 seeking approval in this Cause. Appendix D would then further delineate the
4 details of said PSA mechanism. (NOTE: Existing Appendix D, which dealt with
5 the mechanism by which a customer's bill is calculated, has served its intended
6 purpose and is no longer needed.)

7 53. Q. What is the basis of the various rates/charges proposed by Petitioner in Exhibit
8 RLL-4?

9 A. Petitioner's proposed Facilities Charge and Commodity Charge for each rate sheet
10 are based on the results of Petitioner's Cost of Service study, and are further
11 discussed by Petitioner's witness Kerry A. Heid in Petitioner's Exhibit KAH.

12 All other charges set forth on the rate sheets are proposed to reflect Petitioner's
13 updated costs associated with such occurrences, and are further discussed by
14 Petitioner's witness S. Mark Kerney in Exhibit SMK.

15 54. Q. Does this complete your testimony with regard to Exhibit RLL-4?

16 A. Yes, it does.

17 55. Q. Does this complete your pre-filed direct testimony in this Cause?

18 A. Yes, it does.



RATE NO. 91
Firm Small Volume Sales Service

AVAILABILITY:

This rate shall be available to Customers whose volume of natural gas purchased on an annual basis will be less than 100,000 Therms and who will take delivery of such natural gas in OVGI's service area.

RATES AND CHARGES:

Rates, charges and adjustments applicable to service under this rate for monthly billing purposes shall be as follows:

Facilities Charge of \$16.00 per meter per month

Commodity Charge of \$1.3609 per therm

Gas Cost Adjustment (GCA) – As set forth in the latest approved Appendix B (Sheet No. 9-10).

Normal Temperature Adjustment (NTA) – Dependent upon weather (temperature) conditions during specified billing cycles as described in the latest approved Appendix C (See Sheet No. 9-11).

Pipeline Safety Adjustment (PSA) – Dependent upon actual costs incurred as set forth in the latest approved Appendix D (See Sheet No. 9-12).

LATE PAYMENT CHARGE:

A Late Payment Charge, of ten (10) percent on the first \$3.00 or less, and three (3) percent on all amounts over \$3.00, will be made on all bills not paid on or before the due date of the bill. Any payments received by OVGI after the due date will be subject to the Late Payment Charge.

COLLECTION CHARGE:

A Collection Charge of \$30.00, will be made should it become necessary to send an employee or other agent to the Customer's premises to collect a past due account.

RETURNED CHECK CHARGE:

A Returned Check Charge of \$21.00, plus charges, if any, levied against OVGI's bank account, will be made for any payment, including a direct debit, returned by a financial institution as unpaid.

RECONNECTION CHARGE:

To cover the cost of discontinuance and reestablishment of service for the same Customer at the same service address, a Reconnection Charge will be made which is the greater of either \$80.00 or the product of the monthly Facilities Charge multiplied by the number of billing cycle months during which service was discontinued, up to a maximum of twelve (12) billing cycle months. This charge must be paid before service is restored. If the disconnected period exceeds one (1) year, OVGI may waive the reconnection fee, provided that disconnection was not for violation of OVGI's Rules and Regulations.

TWENTY-FOUR (24) HOUR PURCHASE GAS DAY:

For the purpose of this Rate Schedule the twenty-four (24) hour purchase gas day is that continuous twenty-four (24) hour period commencing at 7:00 a.m. local time and continuing to 7:00 a.m. local time the next day.

RULES AND REGULATIONS:

This Rate Schedule is subject to OVGI's General Rules and Regulations Applicable to Gas Service, to the orders of the Indiana Utility Regulatory Commission, and to the Rules, Regulations and Standards of Service for Gas Public Utilities in Indiana as prescribed by the Indiana Utility Regulatory Commission.

RATE NO. 92
Firm Medium Volume Sales Service

AVAILABILITY:

This rate shall be available to Customers whose volume of natural gas purchased on an annual basis will be at least 100,000 Therms, but not greater than 500,000 Therms, and who will take delivery of such natural gas in OVGI's service area.

APPLICABILITY, ELIGIBILITY & CHARACTER OF SERVICE:

This rate provides a means whereby OVGI can, within the physical limitations of its existing distribution system(s), and as per the terms of a written contract (Service Agreement) executed by a specific Customer, provide firm sales service to such Customer.

OVGI shall not be obligated to deliver (sell) to Customer in any one (1) hour period an aggregate amount at all points of delivery of more than one-sixteenth (1/16) of the maximum daily volume specified in the Service Agreement.

RATES AND CHARGES:

Rates, charges and adjustments applicable to service under this rate for monthly billing purposes shall be as follows:

Facilities Charge of \$550.00 per meter per month

Commodity Charge of \$1.2001 per therm

Gas Cost Adjustment (GCA) – As set forth in the latest approved Appendix B (Sheet No. 9-10).

Pipeline Safety Adjustment (PSA) – Dependent upon actual costs incurred as set forth in the latest approved Appendix D (See Sheet No. 9-12).

LATE PAYMENT CHARGE:

A Late Payment Charge, of ten (10) percent on the first \$3.00 or less and three (3) percent on all amounts over \$3.00, will be made on all bills not paid on or before the due date of the bill. Any payments received by OVGI after the due date will be subject to the Late Payment Charge.

COLLECTION CHARGE:

A Collection Charge of \$30.00, will be made should it become necessary to send an employee or other agent to the Customer's premises to collect a past due account.

RETURNED CHECK CHARGE:

A Returned Check Charge of \$21.00, plus charges, if any, levied against OVGI's bank account, will be made for any payment, including a direct debit, returned by a financial institution as unpaid.

RECONNECTION CHARGE:

To cover the cost of discontinuance and reestablishment of service for the same Customer at the same service address, a Reconnection Charge will be made which is the greater of either \$80.00 or the product of the monthly Facilities Charge multiplied by the number of billing cycle months during which service was discontinued, up to a maximum of twelve (12) billing cycle months. This charge must be paid before service is restored. If the disconnected period exceeds one (1) year, OVGI may waive the reconnection fee, provided that disconnection was not for violation of OVGI's Rules and Regulations.

TWENTY-FOUR (24) HOUR PURCHASE GAS DAY:

For the purpose of this Rate Schedule the twenty-four (24) hour purchase gas day is that continuous twenty-four (24) hour period commencing at 7:00 a.m. local time and continuing to 7:00 a.m. local time the next day.

RULES AND REGULATIONS:

Sales service hereunder shall be subject to OVGI's General Rules and Regulations Applicable to Gas Service, to the orders of the Indiana Utility Regulatory Commission, and to the Rules, Regulations and Standards of Service for Gas Public Utilities in Indiana as prescribed by the Indiana Utility Regulatory Commission.

RATE NO. 93
Interruptible Sales Service

AVAILABILITY:

This rate shall be available to Customers whose volume of natural gas purchased on an annual basis will be at least 100,000 Therms, but not greater than 500,000 Therms, and who will take delivery of such natural gas in OVGI's service area.

APPLICABILITY, ELIGIBILITY & CHARACTER OF SERVICE:

This rate provides a means whereby OVGI can, within the physical limitations of its existing distribution system(s), and as per the terms of a written contract (Service Agreement) executed by a specific Customer, provide interruptible sales service to such Customer.

OVGI reserves the right to request that Customer curtail or discontinue the use of natural gas on one (1) hour verbal or written notice and to interrupt such supply of gas at any time that OVGI shall deem it necessary. The Customer agrees to curtail or discontinue the use of gas in compliance with such requests. OVGI shall have the right to physically interrupt the flow of natural gas to any Customer taking service under this rate who fails to curtail or discontinue their use of natural gas within the one (1) hour period following any such request.

Each Customer receiving service under this rate must have a verifiable alternative fuel supply of adequate capacity to allow for possible interruption of natural gas service.

OVGI shall not be obligated to deliver (sell) to Customer in any one (1) hour period an aggregate amount at all points of delivery of more than one-sixteenth (1/16) of the maximum daily volume specified in the Service Agreement.

RATES AND CHARGES:

Rates, charges and adjustments applicable to service under this rate for monthly billing purposes shall be as follows:

Facilities Charge of \$475.00 per meter per month

Commodity Charge of \$1.1027 per therm

Gas Cost Adjustment (GCA) – As set forth in the latest approved Appendix B (Sheet No. 9-10).

Pipeline Safety Adjustment (PSA) – Dependent upon actual costs incurred as set forth in the latest approved Appendix D (See Sheet No. 9-12).

LATE PAYMENT CHARGE:

A Late Payment Charge, of ten (10) percent on the first \$3.00 or less, and three (3) percent on all amounts over \$3.00 will be made on all bills not paid on or before the due date of the bill. Any payments received by OVGI after the due date will be subject to the Late Payment Charge.

COLLECTION CHARGE:

A Collection Charge of \$30.00, will be made should it become necessary to send an employee or other agent to the Customer's premises to collect a past due account.

RETURNED CHECK CHARGE:

A Returned Check Charge of \$21.00, plus charges, if any, levied against OVGI's bank account, will be made for payment, including a direct debit, returned by a financial institution as unpaid.

RECONNECTION CHARGE:

To cover the cost of discontinuance and reestablishment of service for the same Customer at the same service address, a Reconnection Charge will be made which is the greater of either \$80.00 or the product of the monthly Facilities Charge multiplied by the number of billing cycle months during which service was discontinued, up to a maximum of twelve (12) billing cycle months. This charge must be paid before service is restored. If the disconnected period exceeds one (1) year, OVGI may waive the reconnection fee, provided that disconnection was not for violation of OVGI's Rules and Regulations.

UNAUTHORIZED USE:

If Customer fails to completely curtail its use of natural gas within one (1) hour of Company's verbal or written notice, Customer shall be billed and agrees to pay a penalty of \$3.00 per therm for all gas consumed during the curtailment period. Said penalty shall be in addition to all other applicable charges, including, but not limited to any interstate pipeline penalties.

OVGI shall have the right, without obligation, to waive the penalty for any unauthorized use if OVGI's other Customers or its pipeline operations were not adversely affected by such use.

TWENTY-FOUR (24) HOUR PURCHASE GAS DAY:

For the purpose of this Rate Schedule the twenty-four (24) hour purchase gas day is that continuous twenty-four (24) hour period commencing at 7:00 a.m. local time and continuing to 7:00 a.m. local time the next day.

RULES AND REGULATIONS:

Sales service hereunder shall be subject to OVGI's General Rules and Regulations Applicable to Gas Service, to the orders of the Indiana Utility Regulatory Commission, and to the Rules, Regulations and Standards of Service for Gas Public Utilities in Indiana as prescribed by the Indiana Utility Regulatory Commission.

RATE NO. 94
Firm Grain Drying Sales Service

AVAILABILITY:

This rate shall be available to Customers whose primary requirement for natural gas is for grain drying and who will take delivery of such natural gas in OVGI's service area.

APPLICABILITY, ELIGIBILITY & CHARACTER OF SERVICE:

This rate provides a means whereby OVGI can, within the physical limitations of its existing distribution system(s), deliver natural gas for grain drying. Service provided hereunder shall be metered and billed separately from service provided under any other OVGI rate schedule.

RATES AND CHARGES:

Rates, charges and adjustments applicable to service under this rate for monthly billing purposes shall be as follows:

Facilities Charge as set forth below.

Commodity Charge of \$1.1752 per therm

Gas Cost Adjustment (GCA) – As set forth in the latest approved Appendix B (Sheet No. 9-10).

Pipeline Safety Adjustment (PSA) – Dependent upon actual costs incurred as set forth in the latest approved Appendix D (See Sheet No. 9-12).

FACILITIES CHARGE:

For meter size 1400 scfh or less - \$480.00 per meter; to be billed annually in the September billing cycle.

For meter size greater than 1400 scfh - \$840.00 per meter; to be billed annually in the September billing cycle.

LATE PAYMENT CHARGE:

A Late Payment Charge, of ten (10) percent on the first \$3.00 or less, and three (3) percent on all amounts over \$3.00, will be made on all bills not paid on or before the due date of the bill. Any payments received by OVGI after the due date will be subject to the Late Payment Charge.

COLLECTION CHARGE:

A Collection Charge of \$30.00, will be made should it become necessary to send an employee or other agent to the Customer's premises to collect a past due account.

RETURNED CHECK CHARGE:

A Returned Check Charge of \$21.00, plus charges, if any, levied against OVGI's bank account, will be made for any payment, including a direct debit, returned by a financial institution as unpaid.

RECONNECTION CHARGE:

To cover the cost of discontinuance and reestablishment of service for the same Customer at the same service address, Reconnection Charge will be made in the amount of \$80.00. However, Customers receiving service under this rate shall be allowed one (1) disconnection and reconnection of service per calendar year without the payment of any Reconnection Charge.

TWENTY-FOUR (24) HOUR PURCHASE GAS DAY:

For the purpose of this Rate Schedule the twenty-four (24) hour purchase gas day is that continuous twenty-four (24) hour period commencing at 7:00 a.m. local time and continuing to 7:00 a.m. local time the next day.

RULES AND REGULATIONS:

Sales service hereunder shall be subject to OVGI's General Rules and Regulations Applicable to Gas Service, to the order of the Indiana Utility Regulatory Commission, and to the Rules, Regulations and Standards of Service for Gas Public Utilities in Indiana as prescribed by the Indiana Utility Regulatory Commission.

RATE NO. T95
Large Volume Transportation Service

AVAILABILITY:

This rate schedule shall be available to any "Off-System End-Users" (Customer) whose annual requirements for natural gas are anticipated to be greater than 500,000 Therms; who has executed a Transportation Services Agreement; and who will take delivery of such natural gas in OVGI's service area.

APPLICABILITY:

This rate provides a means whereby OVGI, within the physical limitations of its existing distribution systems can, under specific contract (OVGI's Transportation Services Agreement), provide a service for the transportation of Customer-owned natural gas to Customers who will accept delivery of such natural gas in OVGI's service area. Service provided hereunder shall be metered and billed separately from service provided under any other OVGI rate schedule.

"OFF-SYSTEM END-USER" DEFINED:

As used in this rate an "Off-System End-User" is a Customer for whom OVGI has no contractual obligation to provide natural gas from its OVGI system supply and for whose natural gas needs and requirements OVGI is not contractually committed to pay interstate pipeline charges of any kind (e.g., demand, capacity, reservation, commodity, etc.).

ELIGIBILITY:

A Customer whose need for service is consistent with the availability paragraph of this rate, and who meets the eligibility requirements set forth below, shall be eligible to receive service under this rate. Service hereunder is intended for any Customer which, after arranging for a supply of natural gas from or through a third party, desires OVGI to provide transportation of said natural gas between two mutually agreeable points on an existing OVGI gas distribution system, and who:

- a. Has met all applicable regulatory requirements and has the means (including but not limited to third party arrangements) for delivering natural gas (of specified quality, quantity, pressure, etc.) to the agreed upon OVGI receipt point(s).
- b. Has the means (including but not limited to third party arrangements) for receiving and accepting said natural gas at the agreed upon OVGI delivery point(s).
- c. Has entered into a Transportation Services Agreement with OVGI for an initial period of not less than one (1) year. Such agreement may contain other provisions relating to said service which are not inconsistent herewith.
- d. Has provided OVGI with sufficient documentation and other information to permit prior verification and acceptance of the means and arrangements cited in "a." and "b." above. This documentation will include both transportation arrangements and source of natural gas supply. OVGI may require reasonable assurances from the Customer that the natural gas supply will physically flow to OVGI's receipt point on a timely and uninterrupted basis.

- e. Agrees to provide OVGI with written Daily Nominations in a format acceptable to OVGI. All Daily Nominations are due in OVGI's gas supply department by the 25th day of each calendar month for the upcoming month's quantities (in Therms), and shall be detailed by calendar day. All written changes to Daily Nominations, when received in OVGI's gas supply department by 12:00 p.m. Eastern time on a scheduled OVGI workday, will become effective the next twenty-four (24) hour purchase gas day, or such later twenty-four (24) hour purchase gas day as specified by the Customer. If not otherwise indicated, all written changes to a customer's Daily Nominations shall be applicable to the remaining calendar days of the applicable month. Only written Daily Nominations properly received by the OVGI gas supply department will be recognized when determining daily balancing, etc. For the purpose of this rate, electronic (e-mail) or facsimile transmissions to OVGI's gas supply department will be deemed a written notice. Only allocated volumes shown on the applicable interstate pipeline's Electronic Bulletin Board will be recognized when billing any end-user and determining applicable Daily Balancing and Cashout of Monthly Imbalance charges.
- f. Agrees that it is the responsibility of the Customer and its agent to ensure that the correct quantities of natural gas are properly nominated to the applicable receipt and delivery points utilized by OVGI. OVGI assumes no responsibility or liability for the accuracy of nominations by Customers receiving service under this rate.

CURTAILMENT:

OVGI will have the right to curtail or discontinue acceptance, transportation or redelivery of natural gas under this rate when:

- a. After notification by OVGI to not exceed its Daily Nomination, Customer exceeds its Daily Nomination;
- b. The interstate pipeline's Electronic Bulletin Board (EBB) reports Customer's supply quantity is less than as nominated to OVGI;
- c. Accident, breakage or other causes of disruption of natural gas delivery into the interstate pipeline system occur which preclude the delivery of Customer's natural gas supply to Company; or,
- d. Accident, breakage or other causes of disruption of natural gas delivery to Customer on Company's distribution system is beyond Company's control.

Company will attempt to verify the EBB information with the interstate pipeline prior to invoking a curtailment at Customer's meter. Company's usage of EBB information shall be deemed reasonable by the parties hereto, and Company will not be liable for the accuracy of the information obtained from the EBB. Company will attempt to provide a minimum one (1) hour notice, either verbal, or written, of its intent to curtail or discontinue acceptance, transportation, or redelivery of natural gas.

Any natural gas that flows into Company's city gate station for Customer shall be redelivered to Customer. Gas usage by Customer during a curtailment period in excess of the quantity allowed shall be considered Unauthorized Use and shall be subject to the Unauthorized Use Charge.

RATES AND CHARGES:

Rates, charges and adjustments applicable to service under this rate for monthly billing purposes shall be as follows:

Facilities Charge of \$1,300.00 per meter per month.

Commodity Charge of \$0.0435 per therm

Pipeline Safety Adjustment (PSA) – Dependent upon actual costs incurred as set forth in the latest approved Appendix D (See Sheet No. 9-12).

FUEL LOSS CHARGE:

OVGI shall retain 1% of the received transport gas to account for fuel loss within the OVGI Distribution System. OVGI will not charge any "Off-System End-User" the Commodity Charge on such retained gas.

LATE PAYMENT CHARGE:

A Late Payment Charge, of ten (10) percent on the first \$3.00 or less, and three (3) percent on all amounts over \$3.00, will be made on all bills not paid on or before the due date of the bill. Any payments received by OVGI after the due date will be subject to the Late Payment Charge.

COLLECTION CHARGE:

A Collection Charge of \$30.00, will be made should it become necessary to send an employee or other agent to the Customer's premises to collect a past due account.

RETURNED CHECK CHARGE:

A Returned Check Charge of \$21.00, plus charges, if any, levied against OVGI's bank account, will be made for any payment, including a direct debit, returned by a financial institution as unpaid.

RECONNECTION CHARGE:

To cover the cost of discontinuance and reestablishment of service for the same Customer at the same service address, a Reconnection Charge will be made which is the greater of either \$80.00 or the product of the monthly Facilities Charge multiplied by the number of billing cycle months during which service was discontinued, up to a maximum twelve (12) billing cycle months. This charge must be paid before service is restored. If the disconnected period exceeds one (1) year, OVGI may waive the reconnection fee, provided that disconnection was not for violation of OVGI's Rules and Regulations.

UNAUTHORIZED USE CHARGE:

If Customer fails to completely curtail its use of natural gas within one (1) hour of Company's verbal or written notice, Customer shall be billed and agrees to pay a penalty of \$3.00 per therm for all gas consumed during the curtailment period. Said penalty shall be in addition to all other applicable charges, including, but not limited to any interstate pipeline penalties.

OVGI shall have the right, without obligation, to waive the penalty for any unauthorized use if OVGI's other Customers or its pipeline operations were not adversely affected by such use.

OVERRUN SERVICE AND DAILY BALANCING CHARGES:

a. **Unauthorized Overrun**

- (1) If Customer has been informed by OVGI to stay within their Daily Nomination (plus allowable tolerance), and then uses a quantity of natural gas which is greater than their Daily Nomination (plus allowable tolerance) without prior written or verbal approval of OVGI, the excess shall constitute an Unauthorized Overrun and the Customer shall pay OVGI a penalty of \$3.00 per Therm for all natural gas used in excess of the Daily Nomination (plus allowable tolerance) for the applicable twenty-four (24) hour purchase gas day. The penalty shall be in addition to all other applicable charges.
- (2) The payment of a penalty for unauthorized overrun shall not, under any circumstances, be considered as giving the Customer the right to take unauthorized overruns. Further, such payment shall not be considered a substitute for any other remedies available to OVGI or any of OVGI's other customers for failure to respect their obligation to adhere to the provisions of the Transportation Services Agreement.
- (3) OVGI shall have the right, without obligation, to waive the penalty for any unauthorized overrun provided OVGI's other customers or its pipeline operations were not adversely affected.
- (4) OVGI shall waive any penalty for an unauthorized overrun when such overrun occurred under circumstances beyond the control of the Customer due to emergency conditions on OVGI's facilities; or when such overrun is due to accident or breakage of pipelines, machinery, or equipment of the Customer. However, the Customer shall promptly take such action, as may be necessary and practical, to repair or remedy the situation and furnish OVGI with satisfactory evidence that such accident or breakage was not due to negligence.

b. **Authorized Overrun**

- (1) Each twenty-four (24) hour purchase gas day, OVGI allows Customer an allowable tolerance on their Daily Nomination, without additional charge.
- (2) If the difference between Customer's actual take for a twenty-four (24) hour purchase gas day, and their Daily Nomination as on file with the OVGI gas supply department for the applicable twenty-four (24) hour purchase gas day, is not within the allowable tolerance, those quantities beyond the allowable tolerance will be subject to a Daily Balancing Charge.

c. **Allowable Tolerance**

The allowable tolerance per each twenty-four (24) hour purchase gas day, shall be ten (10) percent of the applicable Daily Nomination on file with OVGI.

d. **Daily Balancing Charge**

Quantities of natural gas used that are not within the allowable tolerance of Customer's Daily Nomination, shall be subject to a Daily Balancing Charge of \$0.025 per Therm. The Daily Balancing Charge will apply to quantities both above and below the allowable tolerance. The Daily Balancing Charge shall be determined on a daily basis and there will be no netting of individual daily balancing charges.

CASHOUT OF MONTHLY IMBALANCE:

Customer shall be subject to net aggregate monthly imbalance cashout. At the end of each billing month, OVGI will determine the imbalance by comparing the net receipts at OVGI's city gate station from the applicable interstate pipeline to actual deliveries through OVGI's meter(s) located at Customer's location. The net aggregate imbalance percentage for each Customer will be determined by dividing the actual net imbalance by the net quantity delivered to the Customer during the billing cycle month.

If Customer has a net aggregate monthly imbalance such that the total quantity of gas received by OVGI during the billing month is LESS than the total quantity of gas delivered by OVGI to the Customer, OVGI shall bill the Customer for the net aggregate monthly imbalance according to the following table:

Net Aggregate Monthly Imbalance Percentage	Percentage of OVGI's Highest City Gate Station Price for the Month
0% - 5%	100%
6% - 10%	110%
11% - 15%	120%
16% - 20%	130%
21% & up	140%

If Customer has a net aggregate monthly imbalance such that the total quantity of gas received by OVGI during the month is GREATER than the total quantity of gas delivered by OVGI to the Customer, OVGI shall credit the Customer for the net aggregate monthly imbalance according to the following table:

Net Aggregate Monthly Imbalance Percentage	Percentage of OVGI's Lowest City Gate Station Price for the Month
0% - 5%	100%
6% - 10%	90%
11% - 15%	80%
16% - 20%	70%
21% & up	60%

If the credit is greater than the total monthly billing, it shall be applied to subsequent billing cycles until such time as the entire credit has been appropriately applied. OVGI will not refund any monies to the Customer unless the credit exceeds the expected combined billings for the next two billing cycles.

SPECIAL CONSIDERATIONS:

A Customer electing to receive service under this rate shall pay a one-time charge of \$2,600.00 to offset initial setup costs of the Company.

TWENTY-FOUR (24) HOUR PURCHASE GAS DAY:

For the purpose of this Rate Schedule the twenty-four (24) hour purchase gas day is that continuous twenty-four (24) hour period commencing at 9:00 a.m. Central Clock Time and continuing to 9:00 a.m. Central Clock Time the next day.

RULES AND REGULATIONS:

Transportation service hereunder shall, where applicable, be subject to OVGI's General Rules and Regulations Applicable to Gas Service, to the orders of the Indiana Utility Regulatory Commission, and to the Rules, Regulations and Standards of Service for Gas Public Utilities in Indiana as prescribed by the Indiana Utility Regulatory Commission.

RATE NO. T96
Medium Volume Transportation Service

AVAILABILITY:

This rate schedule shall be available to any "Off-System End-Users" (Customer) whose annual requirements for natural gas will be at least 100,000 Therms, but not greater than 500,000 Therms; who has executed a Transportation Services Agreement; and who will take delivery of such natural gas in OVGI's service area.

APPLICABILITY:

This rate provides a means whereby OVGI, within the physical limitations of its existing distribution systems can, under specific contract (OVGI's Transportation Services Agreement), provide a service for the transportation of Customer-owned natural gas to Customers who will accept delivery of such natural gas in OVGI's Texas Gas Service Area. Service provided hereunder shall be metered and billed separately from service provided under any other OVGI rate schedule.

"OFF-SYSTEM END-USER" DEFINED:

As used in this rate an "Off-System End-User" is a Customer for whom OVGI has no contractual obligation to provide natural gas from its OVGI system supply and for whose natural gas needs and requirements OVGI is not contractually committed to pay interstate pipeline charges of any kind (e.g., demand, capacity, reservation, commodity, etc.).

ELIGIBILITY:

A Customer whose need for service is consistent with the availability paragraph of this rate, and who meets the eligibility requirements set forth below, shall be eligible to receive service under this rate. Service hereunder is intended for any Customer which, after arranging for a supply of natural gas from or through a third party, desires OVGI to provide transportation of said natural gas between two mutually agreeable points on an existing OVGI gas distribution system, and who:

- a. Has met all applicable regulatory requirements and has the means (including but not limited to third party arrangements) for delivering natural gas (of specified quality, quantity, pressure, etc.) to the agreed upon OVGI receipt point(s).
- b. Has the means (including but not limited to third party arrangements) for receiving and accepting said natural gas at the agreed upon OVGI delivery point(s).
- c. Has entered into a Transportation Services Agreement with OVGI for an initial period of not less than one (1) year. Such agreement may contain other provisions relating to said service which are not inconsistent herewith.
- d. Has provided OVGI with sufficient documentation and other information to permit prior verification and acceptance of the means and arrangements cited in "a." and "b." above. This documentation will include both transportation arrangements and source of natural gas supply.

OVGI may require reasonable assurances from the Customer that the natural gas supply will physically flow to OVGI's receipt point on a timely and uninterrupted basis.

- e. Agrees to provide OVGI with written Daily Nominations in a format acceptable to OVGI. All Daily Nominations are due in OVGI's gas supply department by the 25th day of each calendar month for the upcoming month's quantities (in Therms), and shall be detailed by calendar day. All written changes to Daily Nominations, when received in OVGI's gas supply department by 12:00 p.m. Eastern time on a scheduled OVGI workday, will become effective the next twenty-four (24) hour purchase gas day, or such later twenty-four (24) hour purchase gas day as specified by the Customer. If not otherwise indicated, all written changes to a customer's Daily Nominations shall be applicable to the remaining calendar days of the applicable month. Only written Daily Nominations properly received by the OVGI gas supply department will be recognized when determining daily balancing, etc. For the purpose of this rate, electronic (e-mail) or facsimile transmissions to OVGI's gas supply department will be deemed a written notice. Only allocated volumes shown on the applicable interstate pipeline's Electronic Bulletin Board will be recognized when billing any end-user and determining applicable Daily Balancing and Cashout of Monthly Imbalance charges.
- f. Agrees that it is the responsibility of the Customer and its agent to ensure that the correct quantities of natural gas are properly nominated to the applicable receipt and delivery points utilized by OVGI. OVGI assumes no responsibility or liability for the accuracy of nominations by Customers receiving service under this rate.

CURTAILMENT:

OVGI will have the right to curtail or discontinue acceptance, transportation or redelivery of natural gas under this rate when:

- a. After notification by OVGI to not exceed its Daily Nomination, Customer exceeds its Daily Nomination
- b. The interstate pipeline's Electronic Bulletin Board (EBB) reports Customer's supply quantity is less than as nominated to OVGI;
- c. Accident, breakage or other causes of disruption of natural gas delivery into the interstate pipeline system occur which preclude the delivery of Customer's natural gas supply to Company; or,
- d. Accident, breakage or other causes of disruption of natural gas delivery to Customer on Company's distribution system is beyond Company's control.

Company will attempt to verify the EBB information with the interstate pipeline prior to invoking a curtailment at Customer's meter. Company's usage of EBB information shall be deemed reasonable by the parties hereto, and Company will not be liable for the accuracy of the information obtained from the EBB. Company will attempt to provide a minimum one (1) hour notice, either verbal, or written, of its intent to curtail or discontinue acceptance, transportation, or redelivery of natural gas.

Any natural gas that flows into Company's city gate station for Customer shall be redelivered to Customer. Gas usage by Customer during a curtailment period in excess of the quantity allowed shall be considered Unauthorized Use and shall be subject to the Unauthorized Use Charge.

RATES AND CHARGES:

Rates, charges and adjustments applicable to service under this rate for monthly billing purposes shall be as follows:

Facilities Charge of \$550.00 per meter per month.

Commodity Charge of \$0.0983 per therm

Pipeline Safety Adjustment (PSA) – Dependent upon actual costs incurred as set forth in the latest approved Appendix D (See Sheet No. 9-12).

FUEL LOSS CHARGE:

OVGI shall retain 1% of the received transport gas to account for fuel loss within the OVGI Distribution System. OVGI will not charge any "Off-System End-User" the Commodity Charge on such retained gas.

LATE PAYMENT CHARGE:

A Late Payment Charge, of ten (10) percent on the first \$3.00 or less, and three (3) percent on all amounts over \$3.00, will be made on all bills not paid on or before the due date of the bill. Any payments received by OVGI after the due date will be subject to the Late Payment Charge.

COLLECTION CHARGE:

A Collection Charge of \$30.00, will be made should it become necessary to send an employee or other agent to the Customer's premises to collect a past due account.

RETURNED CHECK CHARGE:

A Returned Check Charge of \$21.00, plus charges, if any, levied against OVGI's bank account, will be made for any payment, including a direct debit, returned by a financial institution as unpaid.

RECONNECTION CHARGE:

To cover the cost of discontinuance and reestablishment of service for the same Customer at the same service address, a Reconnection Charge will be made which is the greater of either \$80.00 or the product of the monthly Facilities Charge multiplied by the number of billing cycle months during which service was discontinued, up to a maximum twelve (12) billing cycle months. This charge must be paid before service is restored. If the disconnected period exceeds one (1) year, OVGI may waive the reconnection fee, provided that disconnection was not for violation of OVGI's Rules and Regulations.

UNAUTHORIZED USE CHARGE:

If Customer fails to completely curtail its use of natural gas within one (1) hour of Company's verbal or written notice, Customer shall be billed and agrees to pay a penalty of \$3.00 per therm for all gas consumed during the curtailment period. Said penalty shall be in addition to all other applicable charges, including, but not limited to any interstate pipeline penalties.

OVGI shall have the right, without obligation, to waive the penalty for any unauthorized use if OVGI's other Customers or its pipeline operations were not adversely affected by such use.

OVERRUN SERVICE AND DAILY BALANCING CHARGES:

a. **Unauthorized Overrun**

- (1) If Customer has been informed by OVGI to stay within their Daily Nomination (plus allowable tolerance), and then uses a quantity of natural gas which is greater than their Daily Nomination (plus allowable tolerance) without prior written or verbal approval of OVGI, the excess shall constitute an Unauthorized Overrun and the Customer shall pay OVGI a penalty of \$3.00 per Therm for all natural gas used in excess of the Daily Nomination (plus allowable tolerance) for the applicable twenty-four (24) hour purchase gas day. The penalty shall be in addition to all other applicable charges.
- (2) The payment of a penalty for unauthorized overrun shall not, under any circumstances, be considered as giving the Customer the right to take unauthorized overruns. Further, such payment shall not be considered a substitute for any other remedies available to OVGI or any of OVGI's other customers for failure to respect their obligation to adhere to the provisions of the Transportation Services Agreement.
- (3) OVGI shall have the right, without obligation, to waive the penalty for any unauthorized overrun provided OVGI's other customers or its pipeline operations were not adversely affected.
- (4) OVGI shall waive any penalty for an unauthorized overrun when such overrun occurred under circumstances beyond the control of the Customer due to emergency conditions on OVGI's facilities; or when such overrun is due to accident or breakage of pipelines, machinery, or equipment of the Customer. However, the Customer shall promptly take such action, as may be necessary and practical, to repair or remedy the situation and furnish OVGI with satisfactory evidence that such accident or breakage was not due to negligence.

b. **Authorized Overrun**

- (1) Each twenty-four (24) hour purchase gas day, OVGI allows Customer an allowable tolerance on their Daily Nomination, without additional charge.
- (2) If the difference between Customer's actual take for a twenty-four (24) hour purchase gas day, and their Daily Nomination as on file with the OVGI gas supply department for the applicable twenty-four (24) hour purchase gas day, is not within the allowable tolerance, those quantities beyond the allowable tolerance will be subject to a Daily Balancing Charge.

c. **Allowable Tolerance**

The allowable tolerance per each twenty-four (24) hour purchase gas day shall be ten (10) percent of the applicable Daily Nomination on file with OVGI.

d. **Daily Balancing Charge**

Quantities of natural gas used that are not within the allowable tolerance of Customer's Daily Nomination, shall be subject to a Daily Balancing Charge of \$0.025 per Therm. The Daily Balancing Charge will apply to quantities both above and below the allowable tolerance. The Daily Balancing Charge shall be determined on a daily basis and there will be no netting of individual daily balancing charges.

CASHOUT OF MONTHLY IMBALANCE:

Customer shall be subject to net aggregate monthly imbalance cashout. At the end of each billing month, OVGI will determine the imbalance by comparing the net receipts at OVGI's city gate station from the applicable interstate pipeline to actual deliveries through OVGI's meter(s) located at Customer's location. The net aggregate imbalance percentage for each Customer will be determined by dividing the actual net imbalance by the net quantity delivered to the Customer during the billing cycle month.

If Customer has a net aggregate monthly imbalance such that the total quantity of gas received by OVGI during the billing month is LESS than the total quantity of gas delivered by OVGI to the Customer, OVGI shall bill the Customer for the net aggregate monthly imbalance according to the following table:

Net Aggregate Monthly Imbalance Percentage	Percentage of OVGI's Highest City Gate Station Price for the Month
0% - 5%	100%
6% - 10%	110%
11% - 15%	120%
16% - 20%	130%
21% & up	140%

If Customer has a net aggregate monthly imbalance such that the total quantity of gas received by OVGI during the month is GREATER than the total quantity of gas delivered by OVGI to the Customer, OVGI shall credit the Customer for the net aggregate monthly imbalance according to the following table:

Net Aggregate Monthly Imbalance Percentage	Percentage of OVGI's Lowest City Gate Station Price for the Month
0% - 5%	100%
6% - 10%	90%
11% - 15%	80%
16% - 20%	70%
21% & up	60%

If the credit is greater than the total monthly billing, it shall be applied to subsequent billing cycles until such time as the entire credit has been appropriately applied. OVGI will not refund any monies to the Customer unless the credit exceeds the expected combined billings for the next two billing cycles.

SPECIAL CONSIDERATIONS:

A Customer electing to receive service under this rate shall pay a one-time charge of \$1,800.00 to offset initial setup costs of the Company.

TWENTY-FOUR (24) HOUR PURCHASE GAS DAY:

For the purpose of this Rate Schedule the twenty-four (24) hour purchase gas day is that continuous twenty-four (24) hour period commencing at 9:00 a.m. Central Clock Time and continuing to 9:00 a.m. Central Clock Time the next day.

RULES AND REGULATIONS:

Transportation service hereunder shall, where applicable, be subject to OVGI's General Rules and Regulations Applicable to Gas Service, to the orders of the Indiana Utility Regulatory Commission, and to the Rules, Regulations and Standards of Service for Gas Public Utilities in Indiana as prescribed by the Indiana Utility Regulatory Commission.

RESERVED FOR FUTURE USE

RATE NO. T98
Public Schools Transportation Service

AVAILABILITY:

This Rate Schedule shall be available throughout OVGI's service area, subject to the availability of adequate facilities, which determination shall be within OVGI's reasonable discretion.

APPLICABILITY:

This Rate Schedule provides a means whereby OVGI, within the physical limitations of its existing distribution systems can, under specific contract (OVGI's Transportation Services Agreement), provide a service for the transportation of "Off-System" end-user owned natural gas. This Rate Schedule shall be applicable to any public educational institution serving students in grades K through 12 that elects service hereunder.

A Customer is further defined for this Rate Schedule to be a single public school corporation, or multiple public school corporations, that elect(s) to purchase gas supply and pipeline capacity for one or more of its school facilities from a supplier other than OVGI, and meets all requirements of this Rate Schedule. Each school facility served under this Rate Schedule will have annual requirements for natural gas of less than 100,000 therms. A school facility is further defined as being any single structure owned by and utilized by the Customer to serve students as defined in the above paragraph.

OVGI will contract directly with the Customer for all transportation services under this Rate Schedule. No separate pooling services agreement will be transacted with the Customer's supplier and/or gas marketer.

Any school facility of the Customer already on another OVGI transportation rate schedule and continuing to qualify for same may remain on such rate schedule after this Rate Schedule becomes effective.

"OFF-SYSTEM END-USER" DEFINED:

As used in this Rate Schedule an "Off-System" Customer is a Customer for whom OVGI has no contractual obligation to provide natural gas from its system supply and for whose natural gas needs and requirements OVGI is not contractually committed to pay interstate pipeline charges of any kind (e.g., demand, capacity, reservation, commodity, etc.).

ELIGIBILITY:

Any Customer who meets the requirements of the applicability paragraph is eligible for service under this Rate Schedule, and who:

- a. Has met all applicable regulatory requirements and has the means (including but not limited to third party arrangements) for delivering said gas (of specified quality, quantity, pressure, etc.) to the agreed upon OVGI receipt point.
- b. Has the means (including but not limited to third party arrangements) for receiving and accepting said gas at the agreed upon OVGI delivery point. Has entered into a Transportation Service Agreement with OVGI for an initial period of not less than one (1) year. This Agreement may contain other provisions relating to said service which are not inconsistent herewith. Written notification to OVGI of Customer's intent to change from a sales rate schedule to this Rate Schedule and execution of the Agreement with OVGI required no later than sixty (60) days prior to the first calendar day of the first calendar month for which service under this Rate Schedule is to begin. OVGI reserves the right to waive the sixty (60) day requirement.

- c. Has provided OVGI with sufficient documentation and other information to permit prior verification and approval of the means and arrangements cited in "a." and "b." above. This documentation will include both transportation arrangements and source of natural gas supply. OVGI may require reasonable assurances from the Customer that the natural gas supply will physically flow to OVGI's receipt point on a timely and non-interrupted basis.
- d. Agrees to provide OVGI with written Daily Nominations in a format acceptable to OVGI. All Daily Nominations are due in OVGI's gas supply department by the 25th day of each calendar month for the upcoming month's quantities in Therms, and shall be detailed by calendar day. All written changes to the Daily Nominations, when received in OVGI's gas supply department by 12:00 p.m. on a scheduled OVGI working day, will become effective the next twenty-four (24) hour purchase gas day, or such later twenty-four (24) hour purchase gas day specified by the customer. All written changes to the Daily Nominations shall be reflected for the remaining calendar days of the applicable month. Only written Daily Nominations properly received by the OVGI gas supply department will be recognized when determining daily balancing, etc. For the purpose of this Rate Schedule, facsimile transmissions or emails to OVGI's gas supply department will be deemed a written notice. Only allocated volumes shown on the applicable interstate pipeline's Electronic Bulletin Board will be recognized when billing and determining the Daily Balancing Charge and Cashout of Monthly Imbalance.
- e. Agrees it is the responsibility of the Customer and its agent to ensure that the correct quantities of natural gas are properly nominated to the applicable receipt and delivery points utilized by OVGI. OVGI assumes no responsibility or liability for the accuracy of nominations. Nomination quantity is defined as the Customer's (a single or multiple public school corporations) supply requirements for the total of its school facilities for each Customer Group (each school corporation of the Customer) being served under this Rate Schedule per OVGI's designated receipt point.
- f. Agrees to provide a dedicated telephone line at each metering location at Customer's expense that is capable of allowing the Company and Customer to contact the metering location to obtain flow information for the purpose of tracking daily and monthly usage.
- g. Pays all existing arrearages for utility services prior to entering into a Transportation Service Agreement with OVGI.

CURTAILMENT:

OVGI will have the right to curtail or discontinue acceptance, transportation or redelivery of natural gas under this rate when:

- a. After notification by OVGI to not exceed its Daily Nomination, Customer exceeds its Daily Nomination;
- b. The interstate pipeline's Electronic Bulletin Board (EBB) reports Customer's supply quantity is less than as nominated to OVGI;
- c. Accident, breakage or other causes of disruption of natural gas delivery into the interstate pipeline system occur which preclude the delivery of Customer's natural gas supply to Company; or,
- d. Accident, breakage or other causes of disruption of natural gas delivery to Customer on Company's distribution system is beyond Company's control.

Company will attempt to verify the EBB information with the interstate pipeline prior to invoking a curtailment at Customer meter. Company's usage of EBB information shall be deemed reasonable by the parties hereto, and Company will not be liable for the accuracy of the information obtained from the EBB. Company will attempt to provide a minimum one (1) hour notice, either verbal, or written, of its intent to curtail or discontinue acceptance, transportation, or redelivery of natural gas.

Any natural gas that flows into Company's city gate station for Customer shall be redelivered to Customer. Gas usage by Customer during a curtailment period in excess of the quantity allowed shall be considered Unauthorized Use and shall be subject to the Unauthorized Use Charge.

CUSTOMER BILLING:

Each school facility of the Customer electing this Rate Schedule will be metered and levied a monthly Service Charge for each meter in service. Each meter and its metered volume will be listed on Customer's bill. Metered volumes of Customer will be aggregated on Customer's bill by OVGI receipt point for the purposes of calculating the Daily Balancing Charge and the Cash-Out of Monthly Imbalance. Where applicable, metered volumes will be grouped on Customer's bill by Customer Group (each school corporation) for purposes of calculating the Daily Balancing Charge and the Cash-Out of Monthly Imbalance, and further grouped by Meter Group for the appropriate application of charges per this Rate Schedule.

Metered volumes of multiple meters will not be aggregated on Customer's bill to avoid monthly Service Charges. Metered volumes of school facilities will not be aggregated to meet minimum volume requirements for application of OVGI's other transportation tariffs.

RATES AND CHARGES:

Rates, charges and adjustments applicable to service under this rate for monthly billing purposes shall be as follows:

Facilities Charge, as applicable, per the following:

- Meter Group 1: \$36.00 per meter per billing cycle month
- Meter Group 2: \$56.00 per meter per billing cycle month
- Meter Group 3: \$515.00 per meter per billing cycle month

Commodity Charge of \$0.2747 per therm

Pipeline Safety Adjustment (PSA) – Dependent upon actual costs incurred as set forth in the latest approved Appendix D (See Sheet No. 9-12).

METER GROUP DETERMINATION:

- Meter Group 1: meter size 675 scfh or less
- Meter Group 2: meter size greater than 675 scfh
- Meter Group 3: Customer moving from, or otherwise eligible (volumetrically) for OVGI's applicable interruptible sales service rate.

FUEL LOSS CHARGE:

OVGI shall retain 1% of the received transport gas to account for fuel loss within the OVGI Distribution System. OVGI will not charge any "Off-System End-User" the Commodity Charge on such retained gas.

LATE PAYMENT CHARGE:

A Late Payment Charge, of ten (10) percent on the first \$3.00 or less, and three (3) percent on all amounts over 3.00, will be made on all bills not paid on or before the due date of the bill. Any payments received by OVGI after the due date will be subject to the Late Payment Charge.

COLLECTION CHARGE:

A Collection Charge of \$30.00, will be made should it become necessary to send an employee or other agent to the Customer's premises to collect a past due account.

RETURNED CHECK CHARGE:

A Returned Check Charge of \$21.00, plus charges, if any, levied against OVGI's bank account, will be made for any payment, including a direct debit, returned by a financial institution as unpaid.

RECONNECTION CHARGE:

To cover the cost of discontinuance and reestablishment of service for the same Customer at the same service address, a Reconnection Charge will be made which is the greater of either \$80.00 or the product of the monthly service charge multiplied by the number of billing cycle months during which service was discontinued, up to a maximum twelve (12) billing cycle months. This charge must be paid before service is restored. If the disconnected period exceeds one (1) year, OVGI may waive the reconnection fee, provided that disconnection was not for violation of OVGI's Rules and Regulations.

UNAUTHORIZED USE CHARGE:

If Customer fails to completely curtail its use of natural gas within one (1) hour of Company's verbal or written notice, Customer shall be billed and agrees to pay a penalty of \$3.00 per therm for all gas consumed during the curtailment period. Said penalty shall be in addition to all other applicable charges, including, but not limited to any interstate pipeline penalties.

OVGI shall have the right, without obligation, to waive the penalty for any unauthorized use if OVGI's other Customers or its pipeline operations were not adversely affected by such use.

OVERRUN SERVICE AND DAILY BALANCING CHARGES:

a. **Unauthorized Overrun**

- (1) If Customer has been informed by OVGI to stay within their Daily Nomination (plus allowable tolerance), and then uses a quantity of natural gas which is greater than their Daily Nomination (plus allowable tolerance) without prior written or verbal approval of OVGI, the excess shall constitute an Unauthorized Overrun and the Customer shall pay OVGI a penalty of \$3.00 per Therm for all natural gas used in excess of the Daily Nomination (plus allowable tolerance) for the applicable twenty-four (24) hour purchase gas day. The penalty shall be in addition to all other applicable charges.
- (2) The payment of a penalty for unauthorized overrun shall not, under any circumstances, be considered as giving the Customer the right to take unauthorized overruns. Further, such payment shall not be considered a substitute for any other remedies available to OVGI or any of OVGI's other customers for failure to respect their obligation to adhere to the provisions of the Transportation Services Agreement.
- (3) OVGI shall have the right, without obligation, to waive the penalty for any unauthorized overrun provided OVGI's other customers or its pipeline operations were not adversely affected.
- (4) OVGI shall waive any penalty for an unauthorized overrun when such overrun occurred under circumstances beyond the control of the Customer due to emergency conditions on OVGI's facilities; or when such overrun is due to accident or breakage of pipelines, machinery, equipment of the Customer. However, the Customer shall promptly take such action, as may be necessary and practical, to repair or remedy the situation and furnish OVGI with satisfactory evidence that such accident or breakage was not due to negligence.

b. **Authorized Overrun**

- (1) Each twenty-four (24) hour purchase gas day, OVGI allows Customer an allowable tolerance on their Daily Nomination, without additional charge.
- (2) If the difference between Customer's actual take for a twenty-four (24) hour purchase gas day, and their Daily Nomination as on file with the OVGI gas supply department for the applicable twenty-four (24) hour purchase gas day, is not within the allowable tolerance, those quantities beyond the allowable tolerance will be subject to a Daily Balancing Charge.

c. **Allowable Tolerance**

The allowable tolerance per each twenty-four (24) hour purchase gas day, shall be ten (10) percent of the applicable Daily Nomination on file with OVGI.

d. **Daily Balancing Charge**

Quantities of natural gas used that are not within the allowable tolerance of Customer's Daily Nomination shall be subject to a Daily Balancing Charge of \$0.025 per Therm. The Daily Balancing Charge will apply to quantities both above and below the allowable tolerance. The Daily Balancing Charge shall be determined on a daily basis and there will be no netting of individual daily balancing charges.

CASHOUT OF MONTHLY IMBALANCE:

Customer shall be subject to net aggregate monthly imbalance cashout. At the end of each billing month, OVGI will determine the imbalance by comparing the net receipts at OVGI's city gate station from the applicable interstate pipeline to actual deliveries through Customer's meter aggregated by OVGI receipt point or, if applicable, by each Customer Group of Customer. The net aggregate imbalance percentage for each Customer Group of Customer will be determined by dividing the actual net imbalance by the net quantity delivered to the Customer during the billing cycle month.

If Customer has a net aggregate monthly imbalance such that the total quantity of gas received by OVGI during the billing month is LESS than the total quantity of gas delivered by OVGI to the Customer, OVGI shall bill the Customer for the net aggregate monthly imbalance according to the following table:

Net Aggregate Monthly Imbalance Percentage	Percentage of OVGI's Highest City Gate Station Price for the Month
0% - 5%	100%
6% - 10%	110%
11% - 15%	120%
16% - 20%	130%
21% & up	140%

If Customer has a net aggregate monthly imbalance such that the total quantity of gas received by OVGI during the month is GREATER than the total quantity of gas delivered by OVGI to the Customer, OVGI shall credit the Customer for the net aggregate monthly imbalance according to the following table:

Net Aggregate Monthly Imbalance Percentage	Percentage of OVGI's Lowest City Gate Station Price for the Month
0% - 5%	100%
6% - 10%	90%
11% - 15%	80%
16% - 20%	70%
21% & up	60%

If the credit is greater than the total monthly billing, it shall be applied to subsequent billing cycles until such time as the entire credit has been appropriately applied. OVGI will not refund any monies to the Customer unless the credit exceeds the expected combined billings for the next two billing cycles.

TWENTY-FOUR (24) HOUR PURCHASE GAS DAY:

For the purpose of this Rate Schedule the twenty-four (24) hour purchase gas day is that continuous twenty-four (24) hour period commencing at 9:00 a.m. Central Clock Time and continuing to 9:00 a.m. Central Clock Time the next day.

RULES AND REGULATIONS:

Transportation service hereunder shall, where applicable, be subject to OVGI's General Rules and Regulations Applicable to Gas Service, to the orders of the Indiana Utility Regulatory Commission, and to the Rules, Regulations and Standards of Service for Gas Public Utilities in Indiana as prescribed by the Indiana Utility Regulatory Commission.

APPENDIX A
BASE RATE COST OF GAS*

The base rate cost of gas included in Rates 91, 92, 93, and 94 in accordance with the Order of the Indiana Utility Regulatory Commission, approved _____, in Cause No. 43208, is as follows:

<u>RATE</u>	<u>BASE RATE COST OF GAS</u>
91	\$1.0862 per Therm
92	\$1.0862 per Therm
93	\$1.0862 per Therm
94	\$1.0862 per Therm

*NOTE: The Base Rate Cost of Gas was determined by dividing the adjusted net cost of gas (during the test year of Cause No. 43208) by the adjusted test year volume of sales (in therms).

APPENDIX B
GAS COST ADJUSTMENT FACTOR FOR PURCHASED GAS

The Rate Adjustment for the following rates shall be on the basis of a rate tracking factor, occasioned solely by changes in the cost of purchased gas, in accordance with the order of the Indiana Utility Regulatory Commission, approved May 14, 1986 in Cause No. 37091, as follows:

<u>RATE</u>	<u>APPLICABLE GAS COST ADJUSTMENT FACTOR</u>
91	\$_____ per Therm
92	\$_____ per Therm
93	\$_____ per Therm
94	\$_____ per Therm

Base Rates effective _____, in accordance with Indiana Utility Regulatory Commission Order issued under Cause No. 43208. The Base Rate Cost of Gas included in each of the following Base Rates is stated in Appendix A - Sheet No. 9-9.

<u>RATE</u>	<u>BASE RATE</u>	<u>NEW GCA FACTOR</u>	<u>NEW RATE</u>
91	\$_____ per Therm	\$_____ per Therm	\$_____ per Therm
92	\$_____ per Therm	\$_____ per Therm	\$_____ per Therm
93	\$_____ per Therm	\$_____ per Therm	\$_____ per Therm
94	\$_____ per Therm	\$_____ per Therm	\$_____ per Therm

APPENDIX C
NORMAL TEMPERATURE ADJUSTMENT

The billed amount for each Rate 91 (Firm Small Volume Gas Service) Customer shall be subject to a Normal Temperature Adjustment (NTA) for each bill rendered during the seven month period of November through May inclusive.

The NTA adjusts each Customer's monthly billed amount to reverse the impact on margin recovery caused by non-normal temperatures during the billing period, as measured by actual heating degree day variations from normal heating degree days.

NTA COMPUTATION

The NTA for each Customer's monthly billing shall be computed as follows:

$$\text{NTA} = \text{NTA Therms} \times \text{NTA Margin}$$

NTA THERMS

The NTA Therms usage for each Customer to which the NTA Margin shall be applied is computed as follows:

$$\text{NTA Therms} = \frac{[\text{Actual Usage} - \text{Base Load Usage}] \times [\text{Normal Degree Days} - \text{Actual Degree Days}]}{\text{Actual Degree Days}}$$

NTA MARGIN

The NTA Margin shall be the margin (non-gas cost) component of the Commodity Charge (Base Rate Less Base Rate Cost of Gas) for the applicable Rate Schedule.

BASE LOAD THERMS (USAGE)

Base Load Usage shall be each Customer's average daily therms billed for the previous summer months (months of July, August and September) multiplied by the number of days in the billing period.

For Customers whose Base Load Usage cannot be accurately determined (e.g., new Customers without three months of summer usage history), an estimated Base Load Usage shall be used.

NORMAL AND ACTUAL DEGREE DAYS

Normal Degree Days for each Customer's billing period shall be as set forth in the tables on the following pages.

Actual Degree Days for each Customer's billing period shall be taken from the actual heating degree days reported each day by the National Weather Service at Indianapolis, Indiana.

APPENDIX C
NORMAL TEMPERATURE ADJUSTMENT
NORMAL DEGREE DAYS (NDD)-INDIANAPOLIS
NON-LEAP YEAR

Date	NDD	Date	NDD	Date	NDD	Date	NDD	Date	NDD	Date	NDD
Jul 1	0	Aug 22	0	Oct 13	10	Dec 4	29	Jan 25	39	Mar 18	22
Jul 2	0	Aug 23	0	Oct 14	10	Dec 5	29	Jan 26	38	Mar 19	22
Jul 3	0	Aug 24	0	Oct 15	10	Dec 6	30	Jan 27	38	Mar 20	22
Jul 4	0	Aug 25	0	Oct 16	11	Dec 7	30	Jan 28	38	Mar 21	21
Jul 5	0	Aug 26	0	Oct 17	11	Dec 8	31	Jan 29	38	Mar 22	21
Jul 6	0	Aug 27	0	Oct 18	11	Dec 9	31	Jan 30	38	Mar 23	21
Jul 7	0	Aug 28	1	Oct 19	12	Dec 10	31	Jan 31	38	Mar 24	20
Jul 8	0	Aug 29	1	Oct 20	12	Dec 11	32	Feb 1	38	Mar 25	20
Jul 9	0	Aug 30	1	Oct 21	12	Dec 12	32	Feb 2	38	Mar 26	20
Jul 10	0	Aug 31	1	Oct 22	13	Dec 13	32	Feb 3	37	Mar 27	19
Jul 11	0	Sep 1	1	Oct 23	13	Dec 14	32	Feb 4	37	Mar 28	19
Jul 12	0	Sep 2	1	Oct 24	14	Dec 15	33	Feb 5	37	Mar 29	19
Jul 13	0	Sep 3	1	Oct 25	14	Dec 16	33	Feb 6	37	Mar 30	18
Jul 14	1	Sep 4	1	Oct 26	14	Dec 17	33	Feb 7	36	Mar 31	18
Jul 15	1	Sep 5	1	Oct 27	15	Dec 18	34	Feb 8	36	Apr 1	18
Jul 16	0	Sep 6	1	Oct 28	15	Dec 19	34	Feb 9	36	Apr 2	17
Jul 17	0	Sep 7	1	Oct 29	15	Dec 20	34	Feb 10	36	Apr 3	17
Jul 18	0	Sep 8	1	Oct 30	16	Dec 21	35	Feb 11	35	Apr 4	17
Jul 19	0	Sep 9	1	Oct 31	16	Dec 22	35	Feb 12	35	Apr 5	16
Jul 20	0	Sep 10	1	Nov 1	16	Dec 23	35	Feb 13	35	Apr 6	16
Jul 21	0	Sep 11	2	Nov 2	17	Dec 24	35	Feb 14	35	Apr 7	16
Jul 22	0	Sep 12	2	Nov 3	17	Dec 25	36	Feb 15	34	Apr 8	15
Jul 23	0	Sep 13	2	Nov 4	18	Dec 26	36	Feb 16	34	Apr 9	15
Jul 24	0	Sep 14	2	Nov 5	18	Dec 27	36	Feb 17	34	Apr 10	15
Jul 25	0	Sep 15	2	Nov 6	18	Dec 28	36	Feb 18	33	Apr 11	15
Jul 26	0	Sep 16	2	Nov 7	19	Dec 29	37	Feb 19	33	Apr 12	14
Jul 27	0	Sep 17	2	Nov 8	19	Dec 30	37	Feb 20	33	Apr 13	14
Jul 28	0	Sep 18	3	Nov 9	19	Dec 31	37	Feb 21	32	Apr 14	14
Jul 29	0	Sep 19	3	Nov 10	20	Jan 1	37	Feb 22	32	Apr 15	13
Jul 30	0	Sep 20	3	Nov 11	20	Jan 2	37	Feb 23	32	Apr 16	13
Jul 31	0	Sep 21	3	Nov 12	21	Jan 3	38	Feb 24	31	Apr 17	13
Aug 1	0	Sep 22	4	Nov 13	21	Jan 4	38	Feb 25	31	Apr 18	12
Aug 2	0	Sep 23	4	Nov 14	21	Jan 5	38	Feb 26	30	Apr 19	12
Aug 3	0	Sep 24	4	Nov 15	22	Jan 6	38	Feb 27	30	Apr 20	12
Aug 4	0	Sep 25	4	Nov 16	22	Jan 7	38	Feb 28	30	Apr 21	11
Aug 5	0	Sep 26	4	Nov 17	23	Jan 8	38	Mar 1	29	Apr 22	11
Aug 6	0	Sep 27	5	Nov 18	23	Jan 9	38	Mar 2	29	Apr 23	11
Aug 7	0	Sep 28	5	Nov 19	23	Jan 10	39	Mar 3	28	Apr 24	10
Aug 8	0	Sep 29	5	Nov 20	24	Jan 11	39	Mar 4	28	Apr 25	10
Aug 9	0	Sep 30	6	Nov 21	24	Jan 12	39	Mar 5	28	Apr 26	10
Aug 10	0	Oct 1	6	Nov 22	24	Jan 13	39	Mar 6	27	Apr 27	10
Aug 11	0	Oct 2	6	Nov 23	25	Jan 14	39	Mar 7	27	Apr 28	9
Aug 12	0	Oct 3	7	Nov 24	25	Jan 15	39	Mar 8	26	Apr 29	9
Aug 13	0	Oct 4	7	Nov 25	26	Jan 16	39	Mar 9	26	Apr 30	9
Aug 14	0	Oct 5	7	Nov 26	26	Jan 17	39	Mar 10	26	May 1	8
Aug 15	0	Oct 6	7	Nov 27	26	Jan 18	39	Mar 11	25	May 2	8
Aug 16	0	Oct 7	8	Nov 28	27	Jan 19	39	Mar 12	25	May 3	8
Aug 17	0	Oct 8	8	Nov 29	27	Jan 20	39	Mar 13	24	May 4	7
Aug 18	0	Oct 9	8	Nov 30	28	Jan 21	39	Mar 14	24	May 5	7
Aug 19	0	Oct 10	9	Dec 1	28	Jan 22	39	Mar 15	24	May 6	7
Aug 20	0	Oct 11	9	Dec 2	28	Jan 23	39	Mar 16	23	May 7	7
Aug 21	0	Oct 12	9	Dec 3	29	Jan 24	39	Mar 17	23	May 8	6
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APPENDIX C
NORMAL TEMPERATURE ADJUSTMENT
NORMAL DEGREE DAYS (NDD)-INDIANAPOLIS
LEAP YEAR

Date	NDD	Date	NDD	Date	NDD	Date	NDD	Date	NDD	Date	NDD
Jul 1	0	Aug 22	0	Oct 13	10	Dec 4	29	Jan 25	39	Mar 17	22
Jul 2	0	Aug 23	0	Oct 14	10	Dec 5	29	Jan 26	38	Mar 18	22
Jul 3	0	Aug 24	0	Oct 15	10	Dec 6	30	Jan 27	38	Mar 19	22
Jul 4	0	Aug 25	0	Oct 16	11	Dec 7	30	Jan 28	38	Mar 20	21
Jul 5	0	Aug 26	0	Oct 17	11	Dec 8	31	Jan 29	38	Mar 21	21
Jul 6	0	Aug 27	0	Oct 18	11	Dec 9	31	Jan 30	38	Mar 22	21
Jul 7	0	Aug 28	1	Oct 19	12	Dec 10	31	Jan 31	38	Mar 23	20
Jul 8	0	Aug 29	1	Oct 20	12	Dec 11	32	Feb 1	38	Mar 24	20
Jul 9	0	Aug 30	1	Oct 21	12	Dec 12	32	Feb 2	38	Mar 25	20
Jul 10	0	Aug 31	1	Oct 22	13	Dec 13	32	Feb 3	37	Mar 26	19
Jul 11	0	Sep 1	1	Oct 23	13	Dec 14	32	Feb 4	37	Mar 27	19
Jul 12	0	Sep 2	1	Oct 24	14	Dec 15	33	Feb 5	37	Mar 28	19
Jul 13	0	Sep 3	1	Oct 25	14	Dec 16	33	Feb 6	37	Mar 29	18
Jul 14	1	Sep 4	1	Oct 26	14	Dec 17	33	Feb 7	36	Mar 30	18
Jul 15	1	Sep 5	1	Oct 27	15	Dec 18	34	Feb 8	36	Mar 31	18
Jul 16	0	Sep 6	1	Oct 28	15	Dec 19	34	Feb 9	36	Apr 1	17
Jul 17	0	Sep 7	1	Oct 29	15	Dec 20	34	Feb 10	36	Apr 2	17
Jul 18	0	Sep 8	1	Oct 30	16	Dec 21	35	Feb 11	35	Apr 3	17
Jul 19	0	Sep 9	1	Oct 31	16	Dec 22	35	Feb 12	35	Apr 4	16
Jul 20	0	Sep 10	1	Nov 1	16	Dec 23	35	Feb 13	35	Apr 5	16
Jul 21	0	Sep 11	2	Nov 2	17	Dec 24	35	Feb 14	35	Apr 6	16
Jul 22	0	Sep 12	2	Nov 3	17	Dec 25	36	Feb 15	34	Apr 7	15
Jul 23	0	Sep 13	2	Nov 4	18	Dec 26	36	Feb 16	34	Apr 8	15
Jul 24	0	Sep 14	2	Nov 5	18	Dec 27	36	Feb 17	34	Apr 9	15
Jul 25	0	Sep 15	2	Nov 6	18	Dec 28	36	Feb 18	33	Apr 10	15
Jul 26	0	Sep 16	2	Nov 7	19	Dec 29	37	Feb 19	33	Apr 11	14
Jul 27	0	Sep 17	2	Nov 8	19	Dec 30	37	Feb 20	33	Apr 12	14
Jul 28	0	Sep 18	3	Nov 9	19	Dec 31	37	Feb 21	32	Apr 13	14
Jul 29	0	Sep 19	3	Nov 10	20	Jan 1	37	Feb 22	32	Apr 14	13
Jul 30	0	Sep 20	3	Nov 11	20	Jan 2	37	Feb 23	32	Apr 15	13
Jul 31	0	Sep 21	3	Nov 12	21	Jan 3	38	Feb 24	31	Apr 16	13
Aug 1	0	Sep 22	4	Nov 13	21	Jan 4	38	Feb 25	31	Apr 17	12
Aug 2	0	Sep 23	4	Nov 14	21	Jan 5	38	Feb 26	30	Apr 18	12
Aug 3	0	Sep 24	4	Nov 15	22	Jan 6	38	Feb 27	30	Apr 19	12
Aug 4	0	Sep 25	4	Nov 16	22	Jan 7	38	Feb 28	30	Apr 20	11
Aug 5	0	Sep 26	4	Nov 17	23	Jan 8	38	Feb 29	29	Apr 21	11
Aug 6	0	Sep 27	5	Nov 18	23	Jan 9	38	Mar 1	29	Apr 22	11
Aug 7	0	Sep 28	5	Nov 19	23	Jan 10	39	Mar 2	28	Apr 23	10
Aug 8	0	Sep 29	5	Nov 20	24	Jan 11	39	Mar 3	28	Apr 24	10
Aug 9	0	Sep 30	6	Nov 21	24	Jan 12	39	Mar 4	28	Apr 25	10
Aug 10	0	Oct 1	6	Nov 22	24	Jan 13	39	Mar 5	27	Apr 26	10
Aug 11	0	Oct 2	6	Nov 23	25	Jan 14	39	Mar 6	27	Apr 27	9
Aug 12	0	Oct 3	7	Nov 24	25	Jan 15	39	Mar 7	26	Apr 28	9
Aug 13	0	Oct 4	7	Nov 25	26	Jan 16	39	Mar 8	26	Apr 29	9
Aug 14	0	Oct 5	7	Nov 26	26	Jan 17	39	Mar 9	26	Apr 30	8
Aug 15	0	Oct 6	7	Nov 27	26	Jan 18	39	Mar 10	25	May 1	8
Aug 16	0	Oct 7	8	Nov 28	27	Jan 19	39	Mar 11	25	May 2	8
Aug 17	0	Oct 8	8	Nov 29	27	Jan 20	39	Mar 12	24	May 3	7
Aug 18	0	Oct 9	8	Nov 30	28	Jan 21	39	Mar 13	24	May 4	7
Aug 19	0	Oct 10	9	Dec 1	28	Jan 22	39	Mar 14	24	May 5	7
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APPENDIX D
PIPELINE SAFETY ADJUSTMENT

APPLICABILITY

The Pipeline Safety Adjustment ("PSA") shall be applicable to all Customers on the Rate Schedules set forth in the PSA CHARGES section below.

DESCRIPTION

The PSA shall recover Company's incremental Operation and Maintenance expenses related to complying with federal pipeline integrity management mandates. Such costs would include expenses related to mapping, training, assessment, testing, data collection and storage, verification audits, remediation, right-of-way clearing, public education programs and all other costs required to comply, including associated taxes.

Company's actual, incremental pipeline safety expenses shall be allocated to the Rate Schedules using the cost allocation factors as set forth in Company's most recent cost of service study.

Company's actual, incremental pipeline safety expenses shall be reconciled annually with the actual recovery under this Pipeline Safety Adjustment, with any difference being reflected as a charge or credit over the next twelve months.

PSA CHARGES

The Pipeline Safety Adjustment shall be applied to each therm of gas usage each month. The current PSAs by Rate Schedule are set forth below:

<u>Rate Schedule</u>	<u>PSA (\$ per Therm)</u>
91	\$0.0000
92	\$0.0000
93	\$0.0000
94	\$0.0000
T95	\$0.0000
T96	\$0.0000
T98	\$0.0000

BEFORE THE

INDIANA UTILITY REGULATORY COMMISSION

PETITION OF OHIO VALLEY GAS, INC. FOR
(1) AUTHORITY TO INCREASE ITS RATES AND
CHARGES FOR GAS UTILITY SERVICE; (2) APPROVAL
OF NEW SCHEDULES OF RATES AND CHARGES AND
CHANGES TO ITS GENERAL RULES AND REGULATIONS
APPLICABLE TO GAS UTILITY SERVICE, INCLUDING
CERTAIN INCREASES IN CERTAIN NON-RECURRING
CHARGES; (3) AUTHORITY TO IMPLEMENT A NORMAL
TEMPERATURE ADJUSTMENT MECHANISM AND DEFER
THE NORMAL TEMPERATURE ADJUSTMENT MARGINS
FOR FUTURE RECOVERY OR REFUND; (4) AUTHORITY
TO IMPLEMENT A PIPELINE SAFETY COMPLIANCE COST
TRACKING MECHANISM AND DEFERRAL ACCOUNTING
OF SUCH COSTS UNTIL THE EFFECTIVE DATE OF THE
TRACKING MECHANISM; (5) APPROVAL OF NEW
DEPRECIATION RATES; AND (6) APPROVAL PURSUANT
TO I.C. 8-1-2.5 OF SUCH ALTERNATIVE REGULATORY
PLANS AS MAY BE REASONABLE, NECESSARY AND
APPLICABLE TO SUCH AUTHORITY, APPROVALS AND
DEFERRALS

CAUSE NO. 43208

PETITIONER'S EXHIBIT KAH
DIRECT TESTIMONY
OF
KERRY A. HEID
ON BEHALF OF
OHIO VALLEY GAS, INC.
APRIL 2007

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1 **6. Have you previously testified before this Commission?**

2 A. Yes. I have testified on numerous occasions before this Commission on
3 cost-of-service, rate design and other matters.

4 **7. What is the purpose of your testimony in this proceeding?**

5 A. The purpose of my testimony is to present evidence on:

6 (1) Petitioner's cost of service study;

7 (2) Petitioner's proposed revenue distribution among its rate schedules;

8 (3) The proposed rate design and levels of rates and charges

9 applicable to each rate schedule;

10 (4) The computational details of Petitioner's proposed Normal

11 Temperature Adjustment; and

12 (5) The details of Petitioner's proposed Pipeline Safety Adjustment

13 mechanism.

14 **8. How is your testimony organized?**

15 A. My testimony is organized into the following sections:

16 I. Introduction and Overview

17 II. Overview of Rate Schedules

18 III. Cost of Service Study

19 IV. Proposed Revenue Distribution Among Rate Schedules

20 V. Proposed Rates and Charges

21 VI. Normal Temperature Adjustment

22 VII. Pipeline Safety Adjustment

23 **9. What exhibits are you sponsoring in this proceeding?**

1 A. I am sponsoring the following exhibits:

2 KAH-1 Business Experience and Qualifications of Kerry A. Heid
3 KAH-2 Cost of Service Study
4 KAH-3 Operating Income at Present and Proposed Rates
5 KAH-4 Rate Class Subsidy Levels at Present and Proposed Rates
6 KAH-5 Revenues from Gas Sales at Present and Proposed Rates
7 KAH-6 Bill Impact Schedules
8 KAH-7 List of Gas Utilities with Approved NTAs
9

10
11
12
13 **II. OVERVIEW OF RATE SCHEDULES**
14

15 **10. Please provide an overview of the current rate schedules that form the**
16 **basis for your cost of service study.**

17 A. The current rate schedules are summarized below. Each of these rate
18 schedules, including proposed changes thereto, will be discussed in
19 further detail in later sections of my testimony.

20 Rate 91 - Firm Small Volume Gas Service is a firm sales service
21 applicable to all gas sales customers who use less than 15,000 therms
22 per month during ten or more of the twelve billing cycles each calendar
23 year. Rate 91 has approximately 4,531 customers.
24

25 Rate 92 - Firm Large Volume Gas Service is a firm sales service
26 applicable to all gas sales customers whose usage exceeds 15,000
27 therms per month in at least three of the twelve billing cycles each
28 calendar year. Rate 92 has no customers.
29

1 Rate 93 - Interruptible Large Volume Gas Service is an interruptible
2 sales service available to all gas sales customers who desire
3 interruptible gas sales service and whose usage exceeds 15,000 therms
4 per month in at least three of the twelve billing cycles each calendar
5 year. Rate 93 has one customer.

6
7 Rate 94 - Interruptible Grain Drying Gas Service is an interruptible sales
8 service applicable to customers whose primary load is for grain drying.
9 There are twelve customers on this rate schedule.

10
11 Rate 95 Interruptible Gas Transportation Service for Large Volume End-
12 Users is an interruptible transportation service available to customers
13 whose annual volume exceeds 540,000 therms per year. There are no
14 customers on this rate schedule.

15
16 Rate 96 - Interruptible Gas Transportation Service for Small Volume
17 End-Users is an interruptible transportation service available to
18 customers whose annual volume exceeds 100,000 therms per year but
19 is less than 540,000 therms per year. There is one customer on this
20 rate schedule.

21
22 Rate 98 - Public Schools Transportation Service is a transportation

1 service available to public education institutions serving students in
2 grades K through 12. There are no customers on this rate schedule.

3
4 **III. COST OF SERVICE STUDY**

5 **11. Please provide an overview of your testimony as it relates to your cost of**
6 **service study?**

7 A. The purpose of my testimony is to sponsor a fully allocated cost of
8 service study based on Petitioner's embedded cost of providing gas
9 service for the twelve months ended June 30, 2006. Working with
10 Petitioner's management, I prepared an embedded cost of service study
11 based on Petitioner's accounting costs per books, adjusted for known
12 and measurable changes to test year operating results, for the twelve
13 months ended June 30, 2006. The cost of service study corresponds to
14 the proforma financial exhibits included in the exhibits of Mr. S. Mark
15 Kerney, Petitioner's Vice President and Chief Financial Officer. My
16 objective in performing the cost of service study was to determine the
17 rate of return on rate base that Petitioner is earning from each customer
18 class, which provides an indication as to whether its rates reflect the
19 cost of providing service to each customer class.

20 **12. Explain the composition of the cost of service study.**

21 A. The study consists of two parts. First, the investment required to serve
22 each rate schedule was determined. This was done by allocating total
23 original cost utility rate base at September 30, 2006, as adjusted, among

1 the customer rate classes based on various assignment and allocation
2 methods. Second, the operating expenses incurred in providing service
3 to each customer rate class were determined. This was done by
4 allocating the proforma costs of providing gas service, as determined on
5 a going level basis at present and proposed rates, among the customer
6 rate classes based on various assignment and allocation methods.

7 **13. Where did you obtain the data used to perform the cost of service study?**

8 A. Investment cost data was taken from detailed accounting information
9 which formed the basis of the utility rate base shown in Petitioner's
10 Exhibit SMK-3, Page 23 of 34, sponsored by Petitioner's witness
11 Kerney. The cost of service data was obtained from accounting
12 information which formed the basis of the Proforma Statements of
13 Operating Income shown in Petitioner's Exhibit SMK-3, Page 29 of 34,
14 sponsored by Petitioner's witness Kerney. Data used to derive
15 allocation factors in the allocation of rate base and cost of service came
16 from various sources, including Petitioner's books and records and
17 special studies.

18 **14. Please describe in general the assignment and allocation processes used**
19 **in the cost of service study.**

20 A. The various costs or investments were assigned directly to the customer
21 rate classes in those instances where direct assignment was possible.
22 Direct assignments were based on specific details as recorded in
23 Petitioner's books and records or were based on special studies

1 performed by me. Where direct assignment was not possible, the
2 investment or cost was allocated to the customer rate classes using the
3 most appropriate method considering the type of investment or cost
4 involved. For example, investment and cost items were identified as
5 being commodity, demand, or customer related. Commodity costs are
6 those that vary with the volume of gas delivered to customers and are
7 allocated based on annual volumes. Demand costs are those incurred
8 to deliver gas to customers at certain levels and are, therefore,
9 dependent on customer demands. These costs are allocated based on
10 peak day demands. Customer costs are those that vary with the
11 number of customers served and are allocated based on number of
12 customers. Other costs are directly related to specific plant investments,
13 and these costs were allocated in the same manner as the plant to
14 which they relate.

15 **15. Please describe Petitioner's Exhibit KAH-2.**

16 A. Petitioner's Exhibit KAH-2, Schedules 1 through 7, present the cost of
17 service study I prepared in this proceeding. Schedule 1 presents a table
18 of the rate schedule allocation factors used in the cost allocation
19 process. These cost allocation factors are cross-referenced in the cost
20 allocation schedules that will be subsequently discussed in this section.
21 Schedule 2 presents the results of the allocation of Petitioner's original
22 cost rate base among its various customer rate classes. Schedule 3
23 presents the results of the allocation of depreciation and amortization

1 expenses among the various customer rate classes. Schedule 4
2 presents the results of the allocation of operation and maintenance
3 expenses ("O&M") among the various customer rate classes at proforma
4 A and Proforma B revenue levels, respectively. The designation
5 "Proforma A" represents results at present revenue levels. The
6 designation "Proforma B" represents results at proposed revenue levels.
7 Schedule 5 presents the results of the allocation of miscellaneous
8 revenues among the various customer rate classes. Schedule 6 reflects
9 the class-by-class calculation of federal and state income and gross
10 receipts taxes. Schedule 7 reflects the summarized results of the
11 preceding cost of service allocations.

12 **IV. PROPOSED REVENUE DISTRIBUTION AMONG RATE**

13 **SCHEDULES**

14
15 **16. Have you used the results of the cost of service study in developing your**
16 **proposed revenue allocations by rate schedule?**

17 A. Yes. My cost of service study served as the foundation for determining
18 the revenue allocations I am proposing. My cost of service study was
19 structured to provide revenue and operating income amounts and
20 associated taxes to compute the rate of return on rate base for each rate
21 schedule at both present and proposed rates.

22 **17. Please identify the rates of return by rate schedule under Petitioner's**
23 **present rates.**

1 A. Petitioner's Exhibit KAH-3, Schedule 1, contains the Statement of
2 Operating Income at present rates by rate schedule. Line 12 of that
3 schedule reflects the current rate of return for each rate schedule. Line
4 13 reflects the Earnings Indices comparing the current class rates of
5 return to the current overall Company rate of return.

6 **18. Please identify the total operating revenues by rate schedule that would**
7 **result from equal rates of return at the present revenue level.**

8 A. Petitioner's Exhibit KAH-3, Schedule 2, contains the Statement of
9 Operating Income at equal rates of return at the present revenue levels.

10 **19. Please identify the total operating revenues by rate schedule that would**
11 **result from equal rates of return at the proposed revenue requirement.**

12 A. Petitioner's Exhibit KAH-3, Schedule 3, contains the Statement of
13 Operating Income at equal rates of return at the proposed revenue
14 requirement.

15 **20. Please identify the rates of return by rate schedule under Petitioner's**
16 **proposed rates.**

17 A. Petitioner's Exhibit KAH-3, Schedule 4, contains the Statement of
18 Operating Income at proposed rates by rate schedule.

19 **21. Please identify the subsidy level for each rate schedule at present and**
20 **proposed rates and the change in each subsidy level reflected in the**
21 **proposed revenue allocations.**

1 A. Petitioner's Exhibit KAH-4 reflects the current and proposed customer
2 class subsidy levels for each rate schedule at present and proposed
3 rates.

4 **22. Please describe the basis for your proposed subsidy reduction levels.**

5 A. Consistent with long-established Commission policy, Petitioner's
6 objective in its revenue allocation process is to reduce interclass
7 subsidies to the extent practical while mitigating rate shock. Our
8 approach was to propose rates that moved toward equal rates of return
9 and thereby reduce subsidies while producing reasonable percentage
10 increases to each rate schedule. In this case Petitioner concluded that
11 a 10% reduction in subsidies should be proposed.

12 **23. What effect will the proposed revenue distribution and subsidy reduction**
13 **levels have on the annual revenues to be collected from each rate**
14 **schedule?**

15 A. Petitioner's Exhibit KAH-5 contains a summary of present and proposed
16 revenues by rate schedule. It also demonstrates that the proposed
17 rates generate the appropriate level of revenues.

18
19
20 **V. PROPOSED RATES AND CHARGES**

21 **24. Have you developed rates that produce the results described in the**
22 **preceding section?**

1 A. Yes. These proposed rates and charges are contained in the Tariff for
2 Gas Service in Petitioner's Exhibit RLL-4, sponsored by Petitioner's
3 witness Ronald L. Loyd, Vice President and General Manager.

4 **25. Please explain how you developed Petitioner's proposed rates for this**
5 **proceeding.**

6 A. Based upon the desired revenue distribution to each rate class as
7 previously described in my testimony, the primary objective was to
8 design rates that recover the appropriate amount of revenue from each
9 rate class. However, additional considerations also guided my rate
10 design. Petitioner's current Service Charges (which will be renamed
11 Facilities Charges) are significantly below the fixed costs of providing
12 service. Petitioner's fixed costs should be recovered through the fixed
13 monthly Facilities Charges. Similarly, variable costs should be
14 recovered through volumetric charges. To the extent that fixed costs are
15 allowed to be recovered in the rate design as though they were
16 commodity costs, the rate design will result in: (1) an unnecessary
17 degree of bill volatility for customers for those customers not subject to
18 the NTA, (2) earnings erosion for Petitioner due to declining average
19 usage per customer, and (3) a misalignment in the pricing results with
20 the costs incurred to serve customers. In the instant case, I concluded
21 that a reasonable rate design would provide for Petitioner to structure its
22 rates to recover a greater portion of its costs through the monthly
23 Facilities Charge, and I have applied this reasoning in developing the

1 proposed rates.

2
3 For those customers who could elect between sales and transportation
4 alternatives, an important objective was to make those corresponding
5 sales and transportation rate schedules margin neutral. For example,
6 Rate 96 is the transportation counterpart to Rate 92. Both rate
7 schedules have identical eligibility requirements, such that eligible
8 customers may elect to either purchase Petitioner's gas supply under
9 Rate 92, or they may elect to purchase third-party transportation gas
10 under Rate 96. It is important for the Company to be margin neutral so
11 that the Company would not be harmed or advantaged by the
12 customers' gas supply decisions. Moreover, it is important to eliminate
13 any margin rate disparities between sales and transportation rates that
14 would artificially encourage the customer to prefer one option over the
15 other.

16
17 Where there are no customers currently receiving service under a given
18 rate schedule, it was not possible to develop cost-based rates. In those
19 instances, the present rates were either increased by the system
20 average or, if necessary and appropriate, adjusted relative to rates in
21 other rate schedules.

22 **26. Please summarize the proposed revisions to the current rate schedules.**

1 A. As will be described below, all of the current rate schedules remain
2 intact, although some have been revised. In addition, the Service
3 Charge has been renamed Facilities Charge, the volumetric rate has
4 been named Commodity Charge, and the Pipeline Safety Adjustment,
5 Appendix D, has been added to all rate schedules.
6

7 **Rate 91 – Firm Small Volume Sales Service**

8 **27. Please describe the proposed revisions to Rate 91-Firm Small Volume**
9 **Service.**

10 A. The tariff revisions proposed to Rate 91 are as follows:

- 11 1. A reference to the Normal Temperature Adjustment, Appendix
12 C, as described below, has been added to this rate schedule;
- 13 2. The upper threshold for qualifying for this rate schedule has
14 been revised. The present rate schedule requires that the
15 customer use less than 15,000 therms per month during 10 or
16 more of the 12 billing cycles each calendar year. This is
17 proposed to be changed to a maximum annual usage of
18 100,000 therms per year, to coincide with the lower threshold on
19 Rate 92-Firm Large Volume Sales Service.

20 **28. What changes are proposed to the Rates and Charges for Rate 91?**

21 A. The Facilities Charge for Rate 91 has been raised to \$16.00 from
22 \$13.00. This increase is necessary to increase the proportion of

1 allocated fixed costs recovered by the Facilities Charge. The fixed cost
2 per meter for Rate 91 customers is \$39.96. The proposed Facilities
3 Charge represents only 40% of the allocated fixed costs. The remaining
4 allocated costs will be recovered in the single-block Commodity Charge.

5 **29. Please describe the impact of Petitioner's proposed revenue allocations**
6 **and rates and charges upon Rate 91-Firm Small Volume Sales Service**
7 **customers.**

8 A. Petitioner's Exhibit KAH-6, Schedule 1, contain tables of monthly bill
9 amounts calculated at various levels of usage for both present and
10 proposed rates for the Rate 91 customers. The dollar and percentage
11 increase in monthly bill amounts is identified for each usage level.

12
13 **Rate 92 – Firm Large Volume Sales Service**

14 **30. Please describe the proposed tariff revisions to Rate 92-Firm Large**
15 **Volume Sales Service?**

16 A. The tariff revisions proposed to Rate 92 are as follows:

- 17 1. Petitioner is proposing to revise the minimum threshold limit for
18 Rate 92 to 100,000 therms per year. Currently, customers must
19 exceed 15,000 therms per month in at least 3 of 12 billing
20 cycles each calendar year. However, this minimum threshold
21 requirement is problematic. Compare Customer A using 14,000
22 therms per month for 12 months to Customer B using 15,000
23 therms per month for 3 months. Customer A clearly has a

1 better load factor and should pay a lower rate. However, under
2 the current minimum volume threshold, Customer A must take
3 service on Rate 91, paying more than Customer B on Rate 92.
4 Therefore, Petitioner is proposing to revise the minimum volume
5 threshold on Rate 92 to prevent this problem;

6 2. An upper threshold limit of 500,000 therms per year is proposed
7 in order to coincide with the lower threshold limit for Rate 95-
8 Large Volume Gas Transportation Service. Otherwise, very
9 large customers could use Rate 92 as a "peaking service" by
10 simply paying the Facilities Charge and then using unlimited
11 gas supply on peak days;

12 3. The demand charge will be eliminated and replaced with a
13 larger Facilities Charge. As previously described, this rate is
14 being "synchronized" with its transportation counterpart, Rate
15 96-Small Volume Gas Transportation Service in order to make it
16 margin neutral. This change will facilitate that objective.

17 4. This rate schedule will be renamed Firm Medium Volume Sales
18 Service to more clearly indicate the nature of customers eligible
19 for this service.

20 **31. What changes are proposed to the Rates and Charges for Rate 92?**

21 A. The Facilities Charge for Rate 92 has been raised to \$550.00 from
22 \$441.54. This increase is necessary, in part, to make up for the
23 elimination of the Demand Charge. The remaining allocated costs to

1 this rate schedule are recovered through the remaining single-block
2 Commodity Charge.

3 **32. What impact will Petitioner's proposed revenue allocation and rates and**
4 **charges have on Rate 92 customers?**

5 A. Petitioner's Exhibit KAH-6, Schedule 2, contains a table showing annual
6 bill amounts for both present and proposed rates for each individual
7 non-Rate 91 customer.

8
9 **Rate 93 – Interruptible Large Volume Sales Service**

10 **33. Please describe the proposed tariff revisions to Rate 93-Interruptible**
11 **Large Volume Sales Service.**

12 A. The tariff revisions proposed to Rate 93 are as follows:

- 13 1. The minimum volume threshold will be revised to 100,000 therms
14 per year, consistent with the Rate 92 minimum volume threshold;
15 This change increases the annual volume threshold, which is
16 desirable to prevent very small customers, who provide no gas
17 supply benefits during curtailments, from utilizing this service.
18 2. An alternate fuel requirement will be added, as more fully
19 described by Petitioner's witness Loyd.
20 3. This rate schedule will be renamed Interruptible Sales Service.

21 **34. What changes are proposed to the Rates and Charges to Rate 93?**

1 A. The Facilities Charge for Rate 93 has been raised to \$475.00 from
2 \$395.00. The remaining allocated costs will be recovered through the
3 single-block Commodity Charge.

4 **35. What impact will Petitioner's proposed revenue allocation and rates and**
5 **charges have on the Rate 93 customers?**

6 A. Petitioner's Exhibit KAH-6, Schedule 2, contains a table showing annual
7 bill amounts for both present and proposed rates for each individual
8 non-Rate 91 customer.
9

10 **Rate 94 – Grain Drying Sales Service**

11 **36. What revisions are proposed for Rate 94-Grain Drying Sales Service?**

12 A. Rate 94 is currently designated as an interruptible rate schedule. The
13 interruptible designation is being removed since essentially the entire
14 grain drying load occurs during off-peak periods.

15 **37. What changes are proposed to the Rates and Charges to the Rate 94**
16 **customers?**

17 A. The Annual Facilities Charge for Rate 94 has been raised to \$480.00
18 from \$375.00 for the small meters, and has been raised to \$840.00 from
19 \$700.00 for the large meters. The remaining allocated costs are
20 recovered from the single-block Commodity Charge.

21 **38. What impact will Petitioner's proposed revenue allocation and rates and**
22 **charges have on Rate 94 customers?**

1 A. Petitioner's Exhibit KAH-6, Schedule 2, contains a table showing annual
2 bill amounts for both present and proposed rates for each individual
3 non-Rate 91 customer.

4
5 **Rate 95 – Large Volume Transportation Service**

6 **39. What revisions are proposed for Rate 95-Large Volume Transportation**
7 **Service?**

8 A. The tariff revisions proposed to Rate 95 are as follows:

- 9 1. The minimum volume threshold was lowered from 540,000 to
10 500,000 therms per year. No current customers were affected by
11 this change.
- 12 2. By placing a maximum volume threshold on the sales rate
13 schedules, it requires the Petitioner's largest customers to
14 acquire their gas supplies from third party suppliers. All
15 customers exceeding this threshold currently transport and are
16 unaffected by this change.
- 17 3. The designation of this service as "interruptible" is being
18 removed. Rate 95 is currently designated as an interruptible
19 service. However, because Rate 95 is a transportation rate
20 schedule, the service for which the interruptible classification
21 applies is delivery service on Petitioner's system. Since
22 Petitioner's delivery system is not capacity-constrained, the

1 classification of customers as interruptible provides no system
2 benefits.

3 **40. What changes are proposed to the Rates and Charges to the Rate 95**
4 **customers?**

5 A. The Facilities Charge for Rate 95 has been raised to \$1300.00 from
6 \$895.00. The remaining allocated costs will be recovered from the
7 single-block Commodity Charge.

8 **41. What impact will Petitioner's proposed revenue allocation and rates and**
9 **charges have on the Rate 95 customers?**

10 A. Petitioner's Exhibit KAH-6, Schedule 2, contains a table showing annual
11 bill amounts for both present and proposed rates for each individual
12 non-Rate 91 customer.
13

14 **Rate 96 – Medium Volume Transportation Service**

15 **42. What revisions are proposed for Rate 96-Medium Volume Transportation**
16 **Service?**

17 A. The tariff revisions proposed to Rate 96 are as follows:

- 18 1. A minimum volume threshold of 100,000 therms per year and a
19 maximum threshold of 500,000 therms per year was added to
20 coincide with Rate 92, its sales service counterpart;
21 2. The designation of this service as "interruptible" is being
22 removed. Rate 96 is currently designated as an interruptible

1 service. However, because Rate 96 is a transportation rate
2 schedule, the service for which the interruptible classification
3 applies is delivery service on Petitioner's system. Since
4 Petitioner's delivery system is not capacity-constrained, the
5 classification of customers as interruptible provides no system
6 benefits.

7 **43. What changes are proposed to the Rates and Charges to the Rate 96**
8 **customers?**

9 A. The Facilities Charge for Rate 96 has been raised to \$550.00 from
10 \$500.00. This increase is necessary to coincide with the Facilities
11 Charge on Rate 92, the sales service counterpart to this rate schedule.
12 The remaining allocated costs will be recovered from the single-block
13 Commodity Charge.

14 **44. What impact will Petitioner's proposed revenue allocation and rates and**
15 **charges have on the Rate 96 customers?**

16 A. Petitioner's Exhibit KAH-6, Schedule 2, contains a table showing annual
17 bill amounts for both present and proposed rates for each individual
18 non-Rate 91 customer.

19
20 **Rate 98 – Public Schools Transportation Service**

21 **45. What revisions are proposed for Rate 98-Public Schools Transportation**
22 **Service?**

1 A. Because this service was newly created and approved, no customers
2 currently utilize this rate. Therefore, it was not possible to determine a
3 cost-based rate. Consequently, revised rates were designed to be
4 margin neutral with Rate 91, under which all but one school is served,
5 consistent with the approach utilized in the recent 30-day filing under
6 which this rate schedule was created.

7
8
9 **VI. NORMAL TEMPERATURE ADJUSTMENT**

10 **46. Petitioner's witness Ron Loyd discusses two types of NTA mechanisms,**
11 **the real-time (Type 1) NTA mechanism and the deferred (Type 2) NTA**
12 **mechanism. For which of these approaches is Petitioner requesting**
13 **approval?**

14 A. Petitioner is proposing the Type 1 NTA mechanism. However, the Type 1
15 mechanism has two different approaches – one based on individual
16 customer characteristics and one based on customer class characteristics.
17 Petitioner is proposing the Type 1 individual customer NTA.

18 **47. To which rate schedules would the NTA be applicable?**

19 A. The NTA would be applicable to customers in Rate Schedule No. 91-Firm
20 Small Volume Sales Service.

21 **48. Are the conceptual and computational underpinnings of the Company's**
22 **proposed NTA mechanism widely accepted in the gas utility industry?**

1 A. Yes. Petitioner's Exhibit KAH-7 presents a survey conducted with input
2 from a recent American Gas Association survey, which identifies utility
3 companies located in the United States that have Weather Normalization
4 Adjustment ("WNA") clauses in effect. The results of that survey indicate
5 that many local gas distribution companies, across a wide geographic area
6 including Indiana, have implemented NTA-type mechanisms.

7 **49. Please explain how the Petitioner's proposed Type 1 individual customer**
8 **NTA would operate.**

9 A. The Type 1 individual customer NTA would adjust the dollar amount billed
10 to each heat sensitive residential and general service customer to
11 effectively weather-normalize fixed costs recovered from each of these
12 customers during the heating season. It is a customer-specific calculation
13 applied to bills rendered during the seven billing months of November
14 through May.

15 **50. How will the adjustment to customers' bill be calculated?**

16 A. The NTA would be calculated for each applicable customer at the time of
17 billing. This approach allows the adjustments to be calculated at the
18 conclusion of each customer's meter reading billing cycle and incorporated
19 into the original monthly bill sent to each customer.
20 Moreover, this approach provides for a more accurate and timely
21 adjustment for the customer. There is no time lag between when the
22 customer experiences the bill variability and when the bill leveling
23 adjustment is made.

1 **51. Please provide a formulaic representation of the Type 1 individual**
2 **customer NTA that you just described.**

3 A. A formulaic representation of the proposed Type 1 individual customer NTA
4 mechanism is as follows:

5 NTA amount = NTA Therms x NTA Margin

6
7 Where:

8
9
$$\text{NTA Therms} = \frac{[\text{Actual Usage} - \text{Base Load Usage}]}{\text{ADD}} \times [\text{NDD} - \text{ADD}]$$

10
11
12 NTA Margin = Specified margin (non-gas cost) component of the Commodity
13 Charge for the applicable Rate Schedule.

14
15 NDD = Normal Degree Days

16
17 ADD = Actual Heating Degree Days

18
19
20 For colder than normal weather, the NTA Therms and NTA amount would
21 be negative values, thereby adjusting customers' bills downward
22 accordingly. For warmer than normal weather, the NTA Therms and NTA
23 amount would be positive values, with commensurate upward adjustments
24 to customers' bills.

25 **52. Please define the term "Base Load Usage."**

26 A. "Base Load Usage" is the non-weather sensitive component of the monthly
27 gas usage of each customer subject to the proposed NTA mechanism.
28 Dividing each customer's gas usage during the billing months of July,
29 August and September by the number of billing days in those months
30 derives the average daily Base Load Usage for that customer. Those
31 months are used because the Petitioner's historical weather data shows

1 virtually no heating Degree Days during these three months. Each billing
2 month for each applicable customer, the average daily Base Load Usage is
3 multiplied by the number of billing days in the month to derive the Base
4 Load Usage component of the NTA. If the customer's service address has
5 no prior consumption history, an estimated average daily Base Load Usage
6 will be used.

7 **53. Please explain how the Normal Degree Days for each billing cycle would**
8 **be derived.**

9 A. The Normal Degree Days for each day of each billing cycle would be the
10 same as used in the rate case weather normalization adjustment.
11 Specifically, Heating Degree Days would be based on Heating Degree Days
12 as reported for Indianapolis, Indiana.

13 **54. Please explain how you will determine the NTA Margin.**

14 A. The NTA Margin will be determined as the margin (non-gas cost)
15 component of the Commodity Charge for Rate 91. It will be determined as
16 the Commodity Charge less the Base Rate Cost of Gas, as follows:

17	Commodity Charge	\$1.3609
18	Less: Base Rate Cost of Gas	<u>(1.0862)</u>
19	NTA Margin	\$0.2747

20
21 **55. Please provide an example to demonstrate the Type 1 individual**
22 **customer NTA.**

23 A. Assume a residential customer used 125 therms during the billing month of
24 December and that December had a total of 950 actual heating Degree
25 Days. Assume further that for this utility the normal heating Degree Days

are 1020 in the customer's December billing cycle, so the current December billing month is 93% of normal. Assume further that this customer used a total of 48 therms during the previous summer billing months of July, August and September. If July, August and September contained a total of 95 billing days, the customer will have a calculated daily base usage during these three months of 0.5053 therms per day (48 therms/95 billing days). Assuming 30 billing days in the customer's December billing cycle, the customer's Base Load Usage for December would have been calculated as follows:

Base Load Usage=

$$\begin{aligned} &[\text{Daily Base Usage during July-September}] \times [\text{No. of Days in Current Billing Period}] \\ &= 0.5053 \text{ therms per day} \times 30 \text{ days} \\ &= 15 \text{ therms} \end{aligned}$$

The customer's NTA Therms for December would have been calculated as follows:

NTA Therms =

$$\begin{aligned} &\frac{[\text{Actual Usage} - \text{Base Load Usage}]}{\text{Actual Degree Days}} \times [\text{Normal Degree Days} - \text{Actual Degree Days}] \\ &= \frac{[125 - 15]}{950} \times [1020 - 950] = 8 \text{ therms} \end{aligned}$$

In other words, this customer's weather normalized usage would have been 8 therms greater if Normal Degree Days had been experienced.

Finally, the NTA amount would be determined as follows:

1 NTA amount = NTA Therms x NTA Margin

2 NTA amount = 8 therms x \$0.2747 per therm = \$2.20.

3
4 This sample customer's bill would have been increased \$2.20 to reverse the
5 impact that warmer-than-normal weather (below-normal heating Degree
6 Days) had on the customer's bill.

7 **56. Has Petitioner prepared a proposed Normal Temperature Adjustment**
8 **tariff sheet?**

9 A. Yes. Petitioner's proposed Normal Temperature Adjustment tariff sheet is
10 included as Appendix C in the Tariff for Gas Service, sponsored by
11 Petitioner's witness Loyd.

12 **57. Is the Type 1 individual customer NTA mechanism proposed by Petitioner**
13 **in this proceeding virtually identical to the Type 1 individual customer**
14 **NTA mechanisms approved for other gas companies in Indiana?**

15 A. Yes. Petitioner's proposed real-time individual Type 1 NTA mechanism
16 is virtually identical to the NTAs approved for Vectren-North and
17 Vectren-South in Cause No. 42890, Citizens Gas & Coke Utility in
18 Cause No. 43202, and for eight of the nine small gas companies in
19 Cause No. 43090 et al.

20
21
22 **VII. PIPELINE SAFETY ADJUSTMENT**

1 **58. Is Petitioner proposing a tracker to recover the actual operation and**
2 **maintenance ("O&M") expenses related to complying with the federal**
3 **pipeline integrity management mandates?**

4 A. Yes. Petitioner is proposing Appendix D, Pipeline Safety Adjustment
5 ("PSA"), to recover the Company's actual operation and maintenance
6 ("O&M") expenses related to complying with the federal pipeline safety
7 integrity mandates, as described by Petitioner's witness Loyd. Because
8 the level of expenses associated with Pipeline Integrity Management
9 may vary from year to year, the PSA is a preferable alternative to base
10 rate inclusion and helps to ensure that only actual costs are recovered
11 from customers, no more and no less.

12 **59. Is Petitioner's proposed Pipeline Safety Adjustment virtually identical to**
13 **that approved for Vectren North and Vectren South?**

14 A. Yes.

15 **60. Please summarize Petitioner's proposed PSA mechanism.**

16 A. The proposed PSA would have the following features:

17 (1) No pro forma test year amount of pipeline integrity management costs
18 would be included within base rates. The PSA, then, would reflect 100
19 percent of the pipeline integrity management costs.

20
21 (2) The PSA would be based on actual historical pipeline integrity
22 management costs incurred during a previous twelve month period.
23 To provide for prior Commission scrutiny and approval of each PSA,
24 Petitioner would make an annual filing with the Commission that would
25 consist of testimony and other evidence establishing the

1 appropriateness of the pipeline integrity management costs incurred,
2 as well as the reconciliation of prior period over and under-recoveries.

3
4 (3) Actual historical pipeline integrity management costs would be
5 allocated to rate schedules based on the Mains allocation factor as
6 reflected in Petitioner's cost of service study.

7
8 (4) A volumetric charge would be determined for each individual rate
9 schedule by dividing the allocated pipeline integrity management costs
10 to be recovered (including previous period over and under-recoveries)
11 by estimated annual sales volumes for each rate schedule.

12
13 (5) The PSA would be subject to an annual reconciliation. PSA over- or
14 under-recovery variances will be determined annually in connection
15 with Petitioner's annual PSA proceeding. These variances will be
16 flowed back or recovered over a twelve (12) month period in
17 subsequent PSAs.

18
19 **61. Has Petitioner prepared a Pipeline Safety Adjustment tariff sheet?**

20 A. Yes. The Pipeline Safety Adjustment tariff sheet is included as
21 Appendix D in the proposed Tariff for Gas Service, Petitioner's Exhibit
22 RLL-4, sponsored by Petitioner's witness Loyd.

23
24 **62. Does this conclude your prepared direct testimony?**

25 A. Yes, at the present time.

1. The first part of the report is a general
introduction to the subject.

2. The second part is a detailed description
of the methods used in the study.

3. The third part is a discussion of the
results of the study.

4. The fourth part is a conclusion
based on the results of the study.

5. The fifth part is a list of references.

6. The sixth part is a list of
figures and tables.

7. The seventh part is a list of
appendices.

8. The eighth part is a list of
acknowledgments.

9. The ninth part is a list of
concluding remarks.

10. The tenth part is a list of
references.

11. The eleventh part is a list of
figures and tables.

12. The twelfth part is a list of
appendices.

KERRY A. HEID, P.E.
President

Heid Rate and Regulatory Services

Mr. Heid is an independent rate consultant with 26 years of gas, electric, water and wastewater utility experience in the rate and regulatory areas. Mr. Heid was previously Director of Rates for Vectren Corporation where he directed the rate activities for the Vectren utilities of Indiana Gas Company, Southern Indiana Gas and Electric Company and Vectren Energy Delivery of Ohio. While at Vectren Mr. Heid was responsible for preparation of cost of service studies, development of rate schedules and preparation of Purchased Gas Adjustment ("PGA") filings. Mr. Heid has testified on numerous occasions regarding cost of service studies and rate design.

Prior to his employment with Vectren, Mr. Heid was a senior member of the Indiana Utility Regulatory Commission technical staff. Mr. Heid was also previously employed in the Management Services Division of Black & Veatch Consulting Engineers, where he prepared cost of service studies for utilities throughout the United States.

Since leaving Vectren Mr. Heid has continued consulting with Vectren on gas and electric cost of service and rate design matters. Mr. Heid has also assisted other gas, electric, water and wastewater utility clients in preparing cost of service studies and developing new rate schedules. Mr. Heid has also provided cost of service and rate design assistance to large customers in various regulatory and court proceedings.

Mr. Heid has been actively involved as a member of the following professional industry associations: (i) *American Gas Association ("AGA") Rate and Strategic Planning Committee*, including former Chair of its Revenue Requirements Subcommittee; (ii) *Indiana Gas Association Rate Committee*, Former Chair; (iii) *Edison Electric Institute Economic Regulation and Competition Committee*; (iv) *Indiana Electric Association Rates and Tariffs Committee*; (v) *American Water Works Association Rates and Charges Committee*. Appointed to Subcommittee revising Manual M1, "Principles of Water Rates, Fees, and Charges;" (vi) *Water Subcommittee of the National Association of Regulatory Utility Commissioners ("NARUC")*; and (vii) *Water Environment Federation*.

Mr. Heid has been an instructor at the AGA Gas Rates School, has given presentations to the American Gas Association Rate and Strategic Planning Committee on various topics including PGA mechanisms, and has been invited by the Indiana Utility Regulatory Commission to conduct training for its staff on PGA mechanisms. Mr. Heid has served on the faculty at the NARUC Annual Eastern Utility Water Rate Seminar, and has given presentations to the Annual Meeting of the Indiana Chapter of the American Water Works Association, the Indiana Chapter of the American Society of Civil Engineers, the Indiana Water Association, the Indiana Rural Water Association, the Indiana Association of Conservancy Districts, and the Governor's Drought Advisory Committee.

Mr. Heid has a B.S. degree in Civil Engineering from Purdue University and an MBA degree with a concentration in finance from Indiana University. Mr. Heid is a registered Professional Engineer in the State of Indiana.

ENGAGEMENTS OF KERRY A. HEID, P.E.

Heid Rate and Regulatory Services

<i>Client</i>	<i>Year</i>	<i>Project Emphasis</i>
Vectren North (Indiana Gas Co.)	1990	Gas Cost of Service Study and Rate Design Weather Normalization Clause
Vectren North (Indiana Gas Co.)	1992-1995	Gas Cost of Service Study and Rate Design Weather Normalization Clause Environmental Cost Recovery Tracker
Vectren North (Indiana Gas Co.)	1989-2002	Quarterly Gas Cost Adjustments
Vectren South (SIGECO)-Gas	2000-2002	Quarterly Gas Cost Adjustments
Vectren South (SIGECO)-Electric	2000-2002	Quarterly Electric Fuel Cost Adjustments Demand Side Management Cost Riders
Vectren Energy Delivery of Ohio	2000-2002	Quarterly Gas Cost Adjustments
Vectren Energy Delivery of Ohio	2001	Gas Cost Recovery Audit
Vectren Energy Delivery of Ohio	2001	Senate Bill 287 Implementation Gross Receipts Tax Rider
Vectren South (SIGECO)-Electric	2001	NOx Environmental Cost Recovery Mechanism
Vectren South (SIGECO)-Electric	2002	NOx Environmental Cost Recovery Mechanism
Vectren South (SIGECO)-Electric	2002	Review of Electric Cost of Service Study
Evansville Business Alliance	2002	Wastewater Cost of Service Study and Rate Design
Evansville Business Alliance	2002	Water Cost of Service Study and Rate Design
Mead Johnson (Bristol Myers)	2003	Wastewater Rate Projections
Vectren South (SIGECO)-Electric	2003	NOx Environmental Cost Recovery Mechanism
South Bend Industrial Intervenors	2003	Wastewater Cost of Service and Rate Design
Indiana Utilities Corporation	2003	Gas Cost of Service and Rate Design
Community Natural Gas Co.	2003	Gas Cost of Service Study and Rate Design
Indiana Natural Gas Corp.	2003	Gas Cost of Service Study and Rate Design
Indiana-American Water Company	2003	Water Cost of Service Study and Rate Design Single Tariff Pricing
GPI at Danville Crossing	2003-2005	Wastewater Rate Design

ENGAGEMENTS OF KERRY A. HEID, P.E.

Heid Rate and Regulatory Services

Client	Year	Project Emphasis
Vectren South (SIGECO)-Gas	2003	Gas Cost of Service Study and Rate Design Weather Normalization Clause
Purdue University	2004	Wastewater Cost of Service Study and Rate Design
City of Frankfort , IN	2004	Water Cost of Service Study and Rate Design Large Customer Bypass Negotiations
Evansville Business Alliance	2004	Wastewater Cost of Service Study and Rate Design
Switzerland County Natural Gas	2004	Gas Cost of Service Study and Rate Design
Vectren Energy Delivery of Ohio	2004	Gas Cost of Service Study and Rate Design
Vectren North (Indiana Gas Co.)	2004	Gas Cost of Service Study and Rate Design Weather Normalization Clause
Clay Utilities Customers	2005	Outside City Surcharge
City of East Chicago, IN	2005	Water Cost of Service Study and Rate Design
Indianapolis (Veolia) Department of Waterworks	2006	Water Cost of Service Study and Rate Design
Culver Academies	2005	Wastewater Cost of Service Study and Rate Design
City of Anderson, IN	2005-2006	Water Cost of Service Study and Rate Design
Vectren South (SIGECO)-Electric	2006-2007	Electric Cost of Service Study and Rate Design
Vectren South (SIGECO)-Gas	2006-2007	Gas Cost of Service Study and Rate Design
MasterGuard Corporation	2006	Electric Rate Billing Dispute
City of Anderson, IN	2006	Wastewater Cost of Service Study and Rate Design
Lawrenceburg Gas Corp.	2006-2007	Gas Cost of Service Study and Rate Design Rate Consolidation
Fountaintown Gas Company	2006	Transportation Balancing Provisions
Lawrenceburg Gas Company Midwest Natural Gas Corporation Indiana Utilities Corporation South Eastern Indiana Natural Gas Co. Fountaintown Gas Company, Inc. Community Natural Gas Co. Boonville Natural Gas Corporation Chandler Natural Gas Corporation Indiana Natural Gas Corporation	2006	Weather Normalization Clauses

ENGAGEMENTS OF KERRY A. HEID, P.E.
Heid Rate and Regulatory Services

Indiana-American Water Company	2006-2007	Purchased Power Tracker
Missouri-American Water Company	2006-2007	CWIP Surcharge
Citizens Gas & Coke Steam Utility	2007	Steam Cost of Service Study and Rate Design
Southeastern Indiana REMC	2007	Electric Cost of Service Study and Rate Design
Grandview Municipal Waterworks	2007	Wholesale Rate Litigation
Citizens Gas & Coke Utility Westfield Gas Corporation	2007	Weather Normalization Clause

**OHIO VALLEY GAS, INC.
IURC CAUSE NO. 43208
COST OF SERVICE STUDY
SCHEDULE OF ALLOCATION FACTORS**

**DATA: 12 MONTHS ENDED JUNE 30, 2006
TYPE OF FILING: CASE-IN-CHIEF
WITNESS: HEID**

**PETITIONER'S EXHIBIT NO. KAH-2
SCHEDULE 1
PAGE 1 OF 3**

<u>NO.</u>	<u>ALLOCATORS</u>	<u>Rate 1S</u>	<u>Rate 2S</u>	<u>Rate 3IS</u>	<u>Rate 4S</u>	<u>Rate 5T</u>	<u>Rate 6T</u>	<u>Rate 8T</u>	<u>Total</u>
<u>Input Allocators</u>									
1	Annual Throughput	4,742,527 90.3119%	0 0.0000%	293,870 5.5962%	97,779 1.8620%	0 0.0000%	117,100 2.2299%	0 0.0000%	5,251,276 100.0000%
2	Annual Sales	4,742,527 92.3717%	0 0.0000%	293,870 5.7238%	97,779 1.9045%	0 0.0000%	0 0.0000%	0 0.0000%	5,134,176 100.0000%
3	Number of Bills	54,376 99.6920%	0 0.0000%	12 0.0220%	144 0.2640%	0 0.0000%	12 0.0220%	0 0.0000%	54,544 100.0000%
4	Design Day Throughput	56,167 96.9056%	0 0.0000%	805 1.3891%	268 0.4622%	0 0.0000%	721 1.2432%	0 0.0000%	57,960 100.0000%
5	Design Day Sales	56,167 98.1254%	0 0.0000%	805 1.4066%	268 0.4680%	0 0.0000%	0 0.0000%	0 0.0000%	57,240 100.0000%
6	P/F A Normal Rev. w/o Misc. Rev.	\$6,675,040 93.8621%	\$0 0.0000%	\$316,227 4.4467%	\$108,990 1.5326%	\$0 0.0000%	\$11,283 0.1587%	\$0 0.0000%	\$7,111,540 100.0000%
7	Meters Analysis Weighted Customers	1 4,531 90.7477%	33 0 0.0000%	33 33 0.6609%	33 396 7.9306%	33 0 0.0000%	33 33 0.6609%	0 0 0.0000%	4,993 100.0000%
8	Services Analysis Weighted Customers	1.0 4,531 97.0030%	10.0 0 0.0000%	10.0 10 0.2141%	10.0 120 2.5689%	10.0 0 0.0000%	10.0 10 0.2141%	0.0 0 0.0000%	4,671 100.0000%
	Annual Throughput Component (20%)	18.06	0.00	1.12	0.37	0.00	0.45	0.00	20.00
	Design Day Throughput Component (80%)	<u>77.52</u>	<u>0.00</u>	<u>1.11</u>	<u>0.37</u>	<u>0.00</u>	<u>0.99</u>	<u>0.00</u>	<u>80.00</u>
	Total	95.59	0.00	2.23	0.74	0.00	1.44	0.00	100.00
9	Weighted Storage Allocator	95.5868%	0.0000%	2.2305%	0.7422%	0.0000%	1.4405%	0.0000%	100.0000%

**OHIO VALLEY GAS, INC.
IURC CAUSE NO. 43208
COST OF SERVICE STUDY
SCHEDULE OF ALLOCATION FACTORS**

**DATA: 12 MONTHS ENDED JUNE 30, 2006
TYPE OF FILING: CASE-IN-CHIEF
WITNESS: HEID**

**PETITIONER'S EXHIBIT NO. KAH-2
SCHEDULE 1
PAGE 2 OF 3**

<u>NO.</u>	<u>ALLOCATORS</u>	<u>Rate 1S</u>	<u>Rate 2S</u>	<u>Rate 3IS</u>	<u>Rate 4S</u>	<u>Rate 5T</u>	<u>Rate 6T</u>	<u>Rate 8T</u>	<u>TOTAL</u>
<u>Internally-Generated Allocators</u>									
26	Direct to Rate 1	1 100.0000%	0 0.0000%	0 0.0000%	0 0.0000%	0 0.0000%	0 0.0000%	0 0.0000%	1 100.0000%
100	Gross Plant	\$7,008,670 95.7735%	\$0 0.0000%	\$122,949 1.6801%	\$108,894 1.4880%	\$0 0.0000%	\$77,451 1.0584%	\$0 0.0000%	\$7,317,964 100.0000%
103	Total Component of Distribution Mains	\$2,832,840 95.9528%	\$0 0.0000%	\$60,833 2.0605%	\$21,413 0.7253%	\$0 0.0000%	\$37,240 1.2614%	\$0 0.0000%	\$2,952,326 100.0000%
109	Subtotal Distribution Plant	\$2,980,435 95.9528%	\$0 0.0000%	\$64,002 2.0605%	\$22,528 0.7253%	\$0 0.0000%	\$39,181 1.2614%	\$0 0.0000%	\$3,106,146 100.0000%
110	Subtotal Gross Plant	\$5,861,465 95.7735%	\$0 0.0000%	\$102,824 1.6801%	\$91,070 1.4880%	\$0 0.0000%	\$64,774 1.0584%	\$0 0.0000%	\$6,120,133 100.0000%
	Storage Plant - Annual	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Storage Plant - Peak	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Storage Plant - Winter	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
111	Total Storage Plant	\$0 0.0000%	\$0 0.0000%	\$0 0.0000%	\$0 0.0000%	\$0 0.0000%	\$0 0.0000%	\$0 0.0000%	\$0 0.0000%
115	O&M Without Gas Costs (P/F A)	\$1,272,157 96.4202%	\$0 0.0000%	\$8,385 0.6355%	\$32,722 2.4801%	\$0 0.0000%	\$6,124 0.4642%	\$0 0.0000%	\$1,319,388 100.0000%
117	O&M Without Gas Costs (P/F B)	\$784,582 96.3692%	\$0 0.0000%	\$5,425 0.6664%	\$20,204 2.4816%	\$0 0.0000%	\$3,930 0.4828%	\$0 0.0000%	\$814,142 100.0000%
	Distribution O&M (P/F B)	\$249,062	\$0	\$2,330	\$10,469	\$0	\$1,747	\$0	\$263,608

**OHIO VALLEY GAS, INC.
IURC CAUSE NO. 43208
COST OF SERVICE STUDY
SCHEDULE OF ALLOCATION FACTORS**

**DATA: 12 MONTHS ENDED JUNE 30, 2006
TYPE OF FILING: CASE-IN-CHIEF
WITNESS: HEID**

**PETITIONER'S EXHIBIT NO. KAH-2
SCHEDULE 1
PAGE 3 OF 3**

<u>NO.</u>	<u>ALLOCATORS</u>	<u>Rate 1S</u>	<u>Rate 2S</u>	<u>Rate 3IS</u>	<u>Rate 4S</u>	<u>Rate 5T</u>	<u>Rate 6T</u>	<u>Rate 8T</u>	<u>TOTAL</u>
<u>Internally-Generated Allocators (cont.)</u>									
125	Labor Allocator	\$7,105 96.5024%	\$0 0.0000%	\$43 0.5857%	\$182 2.4776%	\$0 0.0000%	\$32 0.4342%	\$0 0.0000%	\$7,363 100.0000%
131	Total Component of Transmission Mains	\$1,441,721 95.9528%	\$0 0.0000%	\$30,960 2.0605%	\$10,898 0.7253%	\$0 0.0000%	\$18,953 1.2614%	\$0 0.0000%	\$1,502,531 100.0000%
132	Subtotal Transmission Plant	\$1,588,466 95.9528%	\$0 0.0000%	\$34,111 2.0605%	\$12,007 0.7253%	\$0 0.0000%	\$20,882 1.2614%	\$0 0.0000%	\$1,655,466 100.0000%

**OHIO VALLEY GAS, INC.
IURC CAUSE NO. 43208
COST OF SERVICE STUDY
ALLOCATION OF RATE BASE**

**DATA: 12 MONTHS ENDED JUNE 30, 2006
TYPE OF FILING: CASE-IN-CHIEF
WITNESS: HEID**

**PETITIONER'S EXHIBIT NO. KAH-2
SCHEDULE 2
PAGE 1 OF 3**

	<u>No.</u>	<u>Total</u>	<u>Rate 1S</u>	<u>Rate 2S</u>	<u>Rate 3IS</u>	<u>Rate 4S</u>	<u>Rate 5T</u>	<u>Rate 6T</u>	<u>Rate 8T</u>
GROSS PLANT									
(1) Total Manufactured Gas Production	5	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(2) Total Natural Gas Production Plant	2	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(3) Total Underground Storage Plant									
(4) Commodity	1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(5) Demand	5	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(6) Winter	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(7) Total Transmission Plant									
(8) Mains									
(9) Customer	3	\$232,339	\$231,624	\$0	\$51	\$613	\$0	\$51	\$0
(10) Commodity	1	\$315,290	\$284,744	\$0	\$17,644	\$5,871	\$0	\$7,031	\$0
(11) Demand	4	\$954,902	\$925,353	\$0	\$13,264	\$4,413	\$0	\$11,871	\$0
(12) Land and Land Rights	131	\$7,769	\$7,455	\$0	\$160	\$56	\$0	\$98	\$0
(13) Compressor Station Equipment	1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(14) Structures and Improvements	131	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(15) Measuring and Regulating Equipment	131	\$145,166	\$139,291	\$0	\$2,991	\$1,053	\$0	\$1,831	\$0
(16) Other Transmission Equipment	132	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(17) Total Distribution Plant									
(18) Mains									
(19) Customer	3	\$456,524	\$455,118	\$0	\$100	\$1,205	\$0	\$100	\$0
(20) Commodity	1	\$619,514	\$559,494	\$0	\$34,669	\$11,535	\$0	\$13,815	\$0
(21) Demand	4	\$1,876,289	\$1,818,228	\$0	\$26,063	\$8,672	\$0	\$23,325	\$0
(22) Land and Land Rights	103	\$18,006	\$17,277	\$0	\$371	\$131	\$0	\$227	\$0
(23) Compressor Station Equipment	1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(24) Structures and Improvements	103	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(25) Measuring and Regulating Equipment	103	\$135,814	\$130,317	\$0	\$2,798	\$985	\$0	\$1,713	\$0
(26) Services	8	\$954,992	\$926,371	\$0	\$2,044	\$24,532	\$0	\$2,044	\$0
(27) Meters - Account 381 & 385	7	\$260,670	\$236,552	\$0	\$1,723	\$20,673	\$0	\$1,723	\$0
(28) Meter Installations - Account 381 & 385	7	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(29) House Regulators - Account 381 & 385	7	\$141,398	\$128,315	\$0	\$934	\$11,214	\$0	\$934	\$0
(30) Measuring and Regulating Equipment - Industrial	7	\$1,461	\$1,326	\$0	\$10	\$116	\$0	\$10	\$0
(31) Other Distribution Equipment	109	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(32) Total General and Intangible Plant	110	\$1,197,831	\$1,147,205	\$0	\$20,125	\$17,824	\$0	\$12,678	\$0
(33) Total Gross Plant		\$7,317,964	\$7,008,670	\$0	\$122,949	\$108,894	\$0	\$77,451	

OHIO VALLEY GAS, INC.
IURC CAUSE NO. 43208
COST OF SERVICE STUDY
ALLOCATION OF RATE BASE

DATA: 12 MONTHS ENDED JUNE 30, 2006
TYPE OF FILING: CASE-IN-CHIEF
WITNESS: HEID

PETITIONER'S EXHIBIT NO. KAH-2
SCHEDULE 2
PAGE 2 OF 3

	No.	Total	Rate 1S	Rate 2S	Rate 3IS	Rate 4S	Rate 5T	Rate 6T	Rate 8T
<u>DEPRECIATION RESERVE</u>									
(1) Total Manufactured Gas Production Depr. Reserve	5	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(2) Total Natural Gas Production Plant Depr. Reserve	2	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(3) Total Underground Storage Plant Depr. Reserve	111	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(4) Total Other Storage Plant Deprec. Reserve	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(5) Total Transmission Plant Depreciation Reserve									
(6) Mains	131	\$1,032,360	\$990,578	\$0	\$21,272	\$7,488	\$0	\$13,022	\$0
(7) Land and Land Rights	131	\$5,338	\$5,122	\$0	\$110	\$39	\$0	\$67	\$0
(8) Compressor Station Equipment	1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(9) Structures and Improvements	131	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(10) Measuring and Regulating Equipment	131	\$99,741	\$95,704	\$0	\$2,055	\$723	\$0	\$1,258	\$0
(11) Other Transmission Equipment	132	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(12) Total Distribution Plant Depreciation Reserve									
(13) Mains	103	\$2,028,485	\$1,946,389	\$0	\$41,797	\$14,712	\$0	\$25,587	\$0
(14) Land and Land Rights	103	\$12,372	\$11,871	\$0	\$255	\$90	\$0	\$156	\$0
(15) Compressor Station Equipment	1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(16) Structures and Improvements	103	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(17) Measuring and Regulating Equipment	103	\$93,315	\$89,539	\$0	\$1,923	\$677	\$0	\$1,177	\$0
(18) Services	8	\$656,156	\$636,491	\$0	\$1,405	\$16,856	\$0	\$1,405	\$0
(19) Meters - Account 381 & 385	7	\$179,101	\$162,530	\$0	\$1,184	\$14,204	\$0	\$1,184	\$0
(20) Meter Installations - Account 381 & 385	7	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(21) House Regulators - Account 381 & 385	7	\$97,152	\$88,163	\$0	\$642	\$7,705	\$0	\$642	\$0
(22) Measuring and Regulating Equipment - Industrial	7	\$1,004	\$911	\$0	\$7	\$80	\$0	\$7	\$0
(23) Other Distribution Equipment	109	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(24) General and Intangible Plant Depreciation Reserve	110	\$823,006	\$788,222	\$0	\$13,827	\$12,247	\$0	\$8,710	\$0
(25) Total Depreciation Reserve		<u>\$5,028,030</u>	<u>\$4,815,520</u>	<u>\$0</u>	<u>\$84,476</u>	<u>\$74,819</u>	<u>\$0</u>	<u>\$53,215</u>	<u>\$0</u>

OHIO VALLEY GAS, INC.
IURC CAUSE NO. 43208
COST OF SERVICE STUDY
ALLOCATION OF RATE BASE

DATA: 12 MONTHS ENDED JUNE 30, 2006
TYPE OF FILING: CASE-IN-CHIEF
WITNESS: HEID

PETITIONER'S EXHIBIT NO. KAH-2
SCHEDULE 2
PAGE 3 OF 3

	<u>No.</u>	<u>Total</u>	<u>Rate 1S</u>	<u>Rate 2S</u>	<u>Rate 3IS</u>	<u>Rate 4S</u>	<u>Rate 5T</u>	<u>Rate 6T</u>	<u>Rate 8T</u>
<u>OTHER RATE BASE COMPONENTS</u>									
(1) Materials and Supplies	100	\$155,571	\$148,996	\$0	\$2,614	\$2,315	\$0	\$1,647	\$0
(2) Cash Working Capital	115	\$16,409	\$15,822	\$0	\$104	\$407	\$0	\$76	\$0
(3) LP (Propane) Gas	5	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(4) Gas Stored Underground/Current Recoverable	111	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(5) Gas Stored Underground/Non-Current Recoverable	111	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(6) Pre-1971 Investment Tax Credit	111	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(7) Unamortized Acquisition Adjustment (Net of Accum. Depr	100	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(8) Customer Advances For Construction	100	(\$27,298)	(\$26,144)	\$0	(\$459)	(\$406)	\$0	(\$289)	\$0
(9) Accum. Deferred Income Taxes	100	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(10) Contributions in Aid of Construction	100	(\$116,329)	(\$111,412)	\$0	(\$1,954)	(\$1,731)	\$0	(\$1,231)	\$0
(11) Total Other Rate Base Components		<u>\$28,353</u>	<u>\$27,261</u>	<u>\$0</u>	<u>\$305</u>	<u>\$585</u>	<u>\$0</u>	<u>\$203</u>	<u>\$0</u>
(12) Total Rate Base		<u>\$2,318,287</u>	<u>\$2,220,411</u>	<u>\$0</u>	<u>\$38,778</u>	<u>\$34,660</u>	<u>\$0</u>	<u>\$24,439</u>	<u>\$0</u>

OHIO VALLEY GAS, INC.
IURC CAUSE NO. 43208
COST OF SERVICE STUDY
ALLOCATION OF DEPRECIATION AND AMORTIZATION EXPENSE

DATA: 12 MONTHS ENDED JUNE 30, 2006
TYPE OF FILING: CASE-IN-CHIEF
WITNESS: HEID

PETITIONER'S EXHIBIT NO. KAH-2
SCHEDULE 3
PAGE 1 OF 1

	<u>No.</u>	<u>Total</u>	<u>Rate 1S</u>	<u>Rate 2S</u>	<u>Rate 3IS</u>	<u>Rate 4S</u>	<u>Rate 5T</u>	<u>Rate 6T</u>	<u>Rate 8T</u>
<u>DEPRECIATION AND AMORTIZATION EXPENSES</u>									
(1) Total Manufactured Gas Production	5	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(2) Total Natural Gas Production Plant	2	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(3) Total Underground Storage Plant	111	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(4) Total Local Storage	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(5) Total Transmission Plant									
(6) Mains	131	\$44,567	\$42,764	\$0	\$918	\$323	\$0	\$562	\$0
(7) Land and Land Rights	131	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(8) Compressor Station Equipment	1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(9) Structures and Improvements	131	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(10) Measuring and Regulating Equipment	131	\$4,306	\$4,132	\$0	\$89	\$31	\$0	\$54	\$0
(11) Other Transmission Equipment	132	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(12) Total Distribution									
(13) Mains	103	\$87,570	\$84,026	\$0	\$1,804	\$635	\$0	\$1,105	\$0
(14) Land and Land Rights	103	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(15) Compressor Station Equipment	1	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(16) Structures and Improvements	103	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(17) Measuring and Regulating Equipment	103	\$4,028	\$3,865	\$0	\$83	\$29	\$0	\$51	\$0
(18) Services	8	\$28,326	\$27,478	\$0	\$61	\$728	\$0	\$61	\$0
(19) Meters - Account 381 & 385	7	\$7,732	\$7,016	\$0	\$51	\$613	\$0	\$51	\$0
(20) Meter Installations - Account 381 & 385	7	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(21) House Regulators - Account 381 & 385	7	\$4,194	\$3,806	\$0	\$28	\$333	\$0	\$28	\$0
(22) Measuring and Regulating Equipment - Industrial	7	\$43	\$39	\$0	\$0	\$3	\$0	\$0	\$0
(23) Other Distribution Equipment	109	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(24) General and Intangible Plant	110	\$35,907	\$34,390	\$0	\$603	\$534	\$0	\$380	\$0
(25) Amortization of Leasehold Improvements	110	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(26) Amortization of Acquisition Adjustment	100	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(27) Total Depreciation and Amortization Expense		<u>\$216,675</u>	<u>\$207,516</u>	<u>\$0</u>	<u>\$3,637</u>	<u>\$3,230</u>	<u>\$0</u>	<u>2,292</u>	<u>0</u>

OHIO VALLEY GAS, INC.
IURC CAUSE NO. 43208
COST OF SERVICE STUDY
ALLOCATION OF OPERATION AND MAINTENANCE EXPENSE
PROFORMA A (PRESENT REVENUE LEVELS)

DATA: 12 MONTHS ENDED JUNE 30, 2006
TYPE OF FILING: CASE-IN-CHIEF
WITNESS: HEID

PETITIONER'S EXHIBIT NO. KAH-2
SCHEDULE 4
PAGE 1 OF 2

	No.	Total	Rate 1S	Rate 2S	Rate 3IS	Rate 4S	Rate 5T	Rate 6T	Rate 8T
<u>PROFORMA COST OF GAS</u>									
(1) Commodity Cost of Purchased Gas	2	\$5,576,742	\$5,151,333	\$0	\$319,202	\$106,208	\$0	\$0	\$0
(2) Demand Cost of Purchased Gas	5	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(3) Leased Storage	9	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(4) Unaccounted for Gas Costs (Sales Only)	2	\$79,974	\$73,873	\$0	\$4,578	\$1,523	\$0	\$0	\$0
(5) Total Proforma Cost of Gas		\$5,656,716	\$5,225,206	\$0	\$323,779	\$107,731	\$0	\$0	\$0
<u>OPERATING EXPENSES</u>									
(6) Total Transmission Expenses									
(7) Mains	131	\$24,424	\$23,436	\$0	\$503	\$177	\$0	\$308	\$0
(8) Measuring and Regulating Equipment	131	\$22,867	\$21,941	\$0	\$471	\$166	\$0	\$288	\$0
(9) Supervision and Engineering	132	\$160	\$154	\$0	\$3	\$1	\$0	\$2	\$0
(10) Other Transmission	132	\$151	\$145	\$0	\$3	\$1	\$0	\$2	\$0
(11) Total Distribution Expenses									
(12) Measuring and Regulating Equipment	103	\$16,544	\$15,875	\$0	\$341	\$120	\$0	\$209	\$0
(13) Mains and Services	107	\$73,501	\$70,708	\$0	\$1,195	\$852	\$0	\$746	\$0
(14) Industrial Measuring and Regulating Equipment	7	\$4,085	\$3,707	\$0	\$27	\$324	\$0	\$27	\$0
(15) Meter, Meter Installation and House Regulator	108	\$113,810	\$103,280	\$0	\$752	\$9,026	\$0	\$752	\$0
(16) Customer Installation Expenses	3	\$55,570	\$55,399	\$0	\$12	\$147	\$0	\$12	\$0
(17) Structures and Improvements Maintenance	103	\$98	\$94	\$0	\$2	\$1	\$0	\$1	\$0
(18) Supervision and Engineering	119	\$139,439	\$131,745	\$0	\$1,232	\$5,538	\$0	\$924	\$0
(19) Other Distribution	119	\$75,345	\$71,188	\$0	\$666	\$2,992	\$0	\$499	\$0
(20) Total Customer Accounts Expenses (Excl. Uncoll.)	3	\$273,289	\$272,448	\$0	\$60	\$722	\$0	\$60	\$0
(21) Uncollectibles	26	\$5,542	\$5,542	\$0	\$0	\$0	\$0	\$0	\$0
(22) Administrative and General									
(23) Plant-Related	100	\$9,315	\$8,922	\$0	\$157	\$139	\$0	\$99	\$0
(24) Salaries-Related	125	\$450,589	\$434,829	\$0	\$2,639	\$11,164	\$0	\$1,956	\$0
(25) Other	125	\$54,657	\$52,745	\$0	\$320	\$1,354	\$0	\$237	\$0
(26) Total Proforma A Operation and Maintenance Expense		\$1,319,388	\$1,272,157	\$0	\$8,385	\$32,722	\$0	\$6,124	\$0
(27) Total Depreciation and Amortization Expense		\$216,675	\$207,516	\$0	\$3,637	\$3,230	\$0	\$2,292	\$0
(28) Total Proforma A Operating Expense		\$7,192,779	\$6,704,879	\$0	\$335,801	\$143,683	\$0	\$8,416	\$0

OHIO VALLEY GAS, INC.
IURC CAUSE NO. 43208
COST OF SERVICE STUDY
ALLOCATION OF OPERATION AND MAINTENANCE EXPENSE
PROFORMA B (PROPOSED REVENUE LEVELS)

DATA: 12 MONTHS ENDED JUNE 30, 2006
TYPE OF FILING: CASE-IN-CHIEF
WITNESS: HEID

PETITIONER'S EXHIBIT NO. KAH-2
SCHEDULE 4
PAGE 2 OF 2

	NO.	Total	Rate 1S	Rate 2S	Rate 3IS	Rate 4S	Rate 5T	Rate 6T	Rate 8T
<u>PROFORMA COST OF COST</u>									
(1) Commodity Cost of Purchased Gas	2	\$5,576,742	\$5,151,333	\$0	\$319,202	\$106,208	\$0	\$0	\$0
(2) Demand Cost of Purchased Gas	5	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(3) Leased Storage	9	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(4) Unaccounted for Gas Costs (Sales Only)	2	\$79,974	\$73,873	\$0	\$4,578	\$1,523	\$0	\$0	\$0
(5) Total Proforma Cost of Gas		<u>\$5,656,716</u>	<u>\$5,225,206</u>	<u>\$0</u>	<u>\$323,779</u>	<u>\$107,731</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>OPERATING EXPENSES</u>									
(6) Total Transmission Expenses									
(7) Mains	131	\$24,424	\$23,436	\$0	\$503	\$177	\$0	\$308	\$0
(8) Measuring and Regulating Equipment	131	\$22,867	\$21,941	\$0	\$471	\$166	\$0	\$288	\$0
(9) Supervision and Engineering	132	\$160	\$154	\$0	\$3	\$1	\$0	\$2	\$0
(10) Other Transmission	132	\$151	\$145	\$0	\$3	\$1	\$0	\$2	\$0
(11) Total Distribution Expenses									
(12) Measuring and Regulating Equipment	103	\$16,544	\$15,875	\$0	\$341	\$120	\$0	\$209	\$0
(13) Mains and Services	107	\$73,501	\$70,708	\$0	\$1,195	\$852	\$0	\$746	\$0
(14) Industrial Measuring and Regulating Equipment	7	\$4,085	\$3,707	\$0	\$27	\$324	\$0	\$27	\$0
(15) Meter, Meter Installation and House Regulator	108	\$113,810	\$103,280	\$0	\$752	\$9,026	\$0	\$752	\$0
(16) Customer Installation Expenses	3	\$55,570	\$55,399	\$0	\$12	\$147	\$0	\$12	\$0
(17) Structures and Improvements Maintenance	103	\$98	\$94	\$0	\$2	\$1	\$0	\$1	\$0
(18) Supervision and Engineering	119	\$139,439	\$131,745	\$0	\$1,232	\$5,538	\$0	\$924	\$0
(19) Other Distribution	119	\$75,345	\$71,188	\$0	\$666	\$2,992	\$0	\$499	\$0
(20) Total Customer Accounts Expenses (Excl. Uncoll.)	3	\$273,289	\$272,448	\$0	\$60	\$722	\$0	\$60	\$0
(21) Uncollectibles	26	\$5,542	\$5,542	\$0	\$0	\$0	\$0	\$0	\$0
(22) Administrative and General									
(23) Plant-Related	100	\$9,315	\$8,922	\$0	\$157	\$139	\$0	\$99	\$0
(24) Salaries-Related	125	\$450,589	\$434,829	\$0	\$2,639	\$11,164	\$0	\$1,956	\$0
(25) Other	125	\$54,657	\$52,745	\$0	\$320	\$1,354	\$0	\$237	\$0
(26) Total Proforma B Operation and Maintenance Expenses		<u>\$1,319,388</u>	<u>\$1,272,157</u>	<u>\$0</u>	<u>\$8,385</u>	<u>\$32,722</u>	<u>\$0</u>	<u>\$6,124</u>	<u>\$0</u>
(27) Total Depreciation and Amortization Expense		<u>\$216,675</u>	<u>\$207,516</u>	<u>\$0</u>	<u>\$3,637</u>	<u>\$3,230</u>	<u>\$0</u>	<u>\$2,292</u>	<u>\$0</u>
(28) Total Proforma B Operating Expense		<u>\$7,192,779</u>	<u>\$6,704,879</u>	<u>\$0</u>	<u>\$335,801</u>	<u>\$143,683</u>	<u>\$0</u>	<u>\$8,416</u>	<u>\$0</u>

OHIO VALLEY GAS, INC.
IURC CAUSE NO. 43208
COST OF SERVICE STUDY
ALLOCATION OF MISCELLANEOUS REVENUES

DATA: 12 MONTHS ENDED JUNE 30, 2006
TYPE OF FILING: CASE-IN-CHIEF
WITNESS: HEID

PETITIONER'S EXHIBIT NO. KAH-2
SCHEDULE 5
PAGE 1 OF 1

			<u>Total</u>	<u>Rate 1S</u>	<u>Rate 2S</u>	<u>Rate 3IS</u>	<u>Rate 4S</u>	<u>Rate 5T</u>	<u>Rate 6T</u>	<u>Rate 8T</u>
<u>PROFORMA A MISCELLANEOUS REVENUES</u>										
Miscellaneous Revenue										
(1)	Reconnect fees	26	\$9,739	\$9,739	\$0	\$0	\$0	\$0	\$0	\$0
(2)	Diversion Fees	26	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(3)	Forfeited discounts	26	\$26,054	\$26,054	\$0	\$0	\$0	\$0	\$0	\$0
(4)	After Hours Charges	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(5)	Total Miscellaneous Revenue:		\$35,793	\$35,793	\$0	\$0	\$0	\$0	\$0	\$0
<u>PROFORMA B MISCELLANEOUS REVENUES</u>										
(12) Miscellaneous Revenue										
(13)	Reconnect fees	26	\$14,918	\$14,918	\$0	\$0	\$0	\$0	\$0	\$0
(14)	Diversion Fees	26	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(15)	Forfeited discounts	26	\$26,054	\$26,054	\$0	\$0	\$0	\$0	\$0	\$0
(16)	After Hours Charges	0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
(17)	Total Miscellaneous Revenue:		\$40,972	\$40,972	\$0	\$0	\$0	\$0	\$0	\$0

OHIO VALLEY GAS, INC.
IURC CAUSE NO. 43208
COST OF SERVICE STUDY
CALCULATION OF TAXES, NET OPERATING INCOME AND REVENUES
PROFORMA A NORMALIZED TAXES

DATA: 12 MONTHS ENDED JUNE 30, 2006
TYPE OF FILING: CASE-IN-CHIEF
WITNESS: HEID

PETITIONER'S EXHIBIT NO. KAH-2
SCHEDULE 6
PAGE 1 OF 9

	<u>No.</u>	<u>Total</u>	<u>Rate 1S</u>	<u>Rate 2S</u>	<u>Rate 3IS</u>	<u>Rate 4S</u>	<u>Rate 5T</u>	<u>Rate 6T</u>	<u>Rate 8T</u>
Proforma A Normalized Revenues, w/o Misc. Rev.		\$7,111,540	\$6,675,040	\$0	\$316,227	\$108,990	\$0	\$11,283	\$0
Proforma A Normalized Miscellaneous Revenues		35,793	35,793	0	0	0	0	0	0
Proforma A Normalized Rev. w/Misc. Revenue		<u>\$7,147,333</u>	<u>\$6,710,833</u>	<u>\$0</u>	<u>\$316,227</u>	<u>\$108,990</u>	<u>\$0</u>	<u>\$11,283</u>	<u>\$0</u>
<u>Indiana Utility Receipts Taxes</u>									
Total Proforma A Normalized Revenues w/ Misc. Rev.		\$7,147,333	\$6,710,833	\$0	\$316,227	\$108,990	\$0	\$11,283	\$0
Less: Uncollectible Expense	26	(5,542)	(5,542)	0	0	0	0	0	0
Less: Statutory Exemption	121	(1,000)	(939)	0	(44)	(15)	0	(2)	0
Income for Utility Receipts Tax		<u>\$7,140,791</u>	<u>\$6,704,352</u>	<u>\$0</u>	<u>\$316,183</u>	<u>\$108,975</u>	<u>\$0</u>	<u>\$11,284</u>	<u>\$0</u>
Utility Receipts Tax Rate		1.40%	1.40%	1.40%	1.40%	1.40%	1.40%	1.40%	1.40%
Utility Receipts Tax		<u>\$100,252</u>	<u>\$94,125</u>	<u>\$0</u>	<u>\$4,439</u>	<u>\$1,530</u>	<u>\$0</u>	<u>\$158</u>	<u>\$0</u>
Prorated Utility Receipts Tax		<u>\$100,252</u>	<u>\$94,125</u>	<u>\$0</u>	<u>\$4,439</u>	<u>\$1,530</u>	<u>\$0</u>	<u>\$158</u>	<u>\$0</u>
<u>State Income Taxes</u>									
Total Proforma A Normalized Revenues		\$7,147,333	\$6,710,833	\$0	\$316,227	\$108,990	\$0	\$11,283	\$0
Less: Operation and Maintenance Expenses		(1,319,388)	(1,272,157)	0	(8,385)	(32,722)	0	(6,124)	0
Less: Gas Costs		(5,656,716)	(5,225,206)	0	(323,779)	(107,731)	0	0	0
Less: Depreciation		(216,675)	(207,516)	0	(3,637)	(3,230)	0	(2,292)	0
Less: Property Taxes	100	(64,259)	(61,543)	0	(1,080)	(956)	0	(680)	0
Less: Other Taxes	115	(75,871)	(73,155)	0	(482)	(1,882)	0	(352)	0
Less: Utility Receipts Tax		0	0	0	0	0	0	0	0
Less: Interest Expense	102	(28,872)	(27,653)	0	(483)	(432)	0	(304)	0
Plus: Non-Deductible Expenses	102	5,047	4,834	0	84	75	0	53	0
Income for State Income Taxes		<u>(\$209,401)</u>	<u>(\$151,563)</u>	<u>\$0</u>	<u>(\$21,535)</u>	<u>(\$37,887)</u>	<u>\$0</u>	<u>\$1,583</u>	<u>\$0</u>
State Income Tax Rate		8.50%	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%
State Income Taxes		<u>(\$17,799)</u>	<u>(\$12,883)</u>	<u>\$0</u>	<u>(\$1,830)</u>	<u>(\$3,220)</u>	<u>\$0</u>	<u>\$135</u>	<u>\$0</u>
Less: Deferred State Tax Flowback	120	0	0	0	0	0	0	0	0
State Tax Liability		<u>(\$17,799)</u>	<u>(\$12,883)</u>	<u>\$0</u>	<u>(\$1,830)</u>	<u>(\$3,220)</u>	<u>\$0</u>	<u>\$135</u>	<u>\$0</u>
Prorated State Tax Liability		<u>(\$15,280)</u>	<u>(\$11,060)</u>	<u>\$0</u>	<u>(\$1,571)</u>	<u>(\$2,765)</u>	<u>\$0</u>	<u>\$116</u>	<u>\$0</u>

OHIO VALLEY GAS, INC.
IURC CAUSE NO. 43208
COST OF SERVICE STUDY
CALCULATION OF TAXES, NET OPERATING INCOME AND REVENUES
PROFORMA A NORMALIZED TAXES (Cont.)

DATA: 12 MONTHS ENDED JUNE 30, 2006
TYPE OF FILING: CASE-IN-CHIEF
WITNESS: HEID

PETITIONER'S EXHIBIT NO. KAH-2
SCHEDULE 6
PAGE 2 OF 9

	No.	Total	Rate 1S	Rate 2S	Rate 3IS	Rate 4S	Rate 5T	Rate 6T	Rate 8T
Federal Income Taxes									
Total Proforma A Normalized Revenues		\$7,147,333	\$6,710,833	\$0	\$316,227	\$108,990	\$0	\$11,283	\$0
Less: Operation and Maintenance Expenses		(1,319,388)	(1,272,157)	0	(8,385)	(32,722)	0	(6,124)	0
Less: Gas Costs		(5,656,716)	(5,225,206)	0	(323,779)	(107,731)	0	0	0
Less: Depreciation		(216,675)	(207,516)	0	(3,637)	(3,230)	0	(2,292)	0
Less: Property Taxes		(64,259)	(61,543)	0	(1,080)	(956)	0	(680)	0
Less: Other Taxes		(75,871)	(73,155)	0	(482)	(1,882)	0	(352)	0
Less: Utility Receipts Tax		(100,252)	(94,125)	0	(4,439)	(1,530)	0	(158)	0
Less: Interest Expense		(28,872)	(27,653)	0	(483)	(432)	0	(304)	0
Plus: Non-Deductible Expenses	102	5,047	4,834	0	84	75	0	53	0
Less: State Income taxes		17,799	12,883	(0)	1,830	3,220	(0)	(135)	(0)
Income for Federal Income Taxes		(\$291,854)	(\$232,805)	(\$0)	(\$24,143)	(\$36,196)	(\$0)	\$1,291	(\$0)
Federal Income Tax Rate		34.00%	34.00%	34.00%	34.00%	34.00%	34.00%	34.00%	34.00%
Federal Income Taxes		(\$99,230)	(\$79,154)	(\$0)	(\$8,209)	(\$12,307)	(\$0)	\$439	(\$0)
Less: Investment Tax Credit	100	0	0	0	0	0	0	0	0
Less: Deferred Federal Tax Flowback	120	0	0	0	0	0	0	0	0
Federal Tax Liability		(\$99,230)	(\$79,154)	(\$0)	(\$8,209)	(\$12,307)	(\$0)	\$439	(\$0)
Prorated Federal Tax Liability		(\$89,360)	(\$71,280)	(\$0)	(\$7,392)	(\$11,083)	(\$0)	\$395	(\$0)
Net Operating Income									
Total Proforma A Normalized Margins		\$7,147,333	\$6,710,833	\$0	\$316,227	\$108,990	\$0	\$11,283	\$0
Less: Operation and Maintenance Expenses		(1,319,388)	(1,272,157)	0	(8,385)	(32,722)	0	(6,124)	0
Less: Gas Costs		(5,656,716)	(5,225,206)	0	(323,779)	(107,731)	0	0	0
Less: Depreciation		(216,675)	(207,516)	0	(3,637)	(3,230)	0	(2,292)	0
Less: Other Taxes		(75,871)	(73,155)	0	(482)	(1,882)	0	(352)	0
Less: Utility Receipts Tax		(100,252)	(94,125)	0	(4,439)	(1,530)	0	(158)	0
Less: Property Taxes		(64,259)	(61,543)	0	(1,080)	(956)	0	(680)	0
Less: State Income Taxes		15,280	11,060	(0)	1,571	2,765	(0)	(116)	(0)
Less: Federal Income Taxes		89,360	71,280	0	7,392	11,083	0	(395)	0
Net Operating Income		(\$181,188)	(\$140,529)	(\$0)	(\$16,612)	(\$25,213)	(\$0)	\$1,166	(\$0)
Total Rate Base		\$2,318,287	\$2,220,411	\$0	\$38,778	\$34,660	\$0	\$24,439	\$0
Rate of Return		-7.82%	-6.33%	0.00%	-42.84%	-72.75%	0.00%	4.77%	0.00%

OHIO VALLEY GAS, INC.
IURC CAUSE NO. 43208
COST OF SERVICE STUDY
CALCULATION OF TAXES, NET OPERATING INCOME AND REVENUES
PROFORMA A EQUALIZED TAXES

DATA: 12 MONTHS ENDED JUNE 30, 2006
TYPE OF FILING: CASE-IN-CHIEF
WITNESS: HEID

PETITIONER'S EXHIBIT NO. KAH-2
SCHEDULE 6
PAGE 3 OF 9

	<u>NO.</u>	<u>TOTAL</u>	<u>Rate 1S</u>	<u>Rate 2S</u>	<u>Rate 3IS</u>	<u>Rate 4S</u>	<u>Rate 5T</u>	<u>Rate 6T</u>	<u>Rate 8T</u>
Rate Base		\$2,318,287	\$2,220,411	\$0	\$38,778	\$34,660	\$0	\$24,439	\$0
Allowed Rate of Return		-7.8156%	-7.8156%	-7.8156%	-7.8156%	-7.8156%	-7.8156%	-7.8156%	-7.8156%
Allowed Net Operating Income		(\$181,189)	(\$173,539)	\$0	(\$3,031)	(\$2,709)	\$0	(\$1,910)	\$0
<u>Federal Income Taxes</u>									
Net Operating Income		(\$181,189)	(\$173,539)	\$0	(\$3,031)	(\$2,709)	\$0	(\$1,910)	\$0
Less: Interest Expense	102	(28,872)	(27,653)	0	(483)	(432)	0	(304)	0
Plus: Non-Deductible Expenses		5,047	4,834	0	84	75	0	53	0
Plus: Investment Tax Credit	100	0	0	0	0	0	0	0	0
Less: Deferred Federal Tax Flowback	120	0	0	0	0	0	0	0	0
Total Amount to Calculate Federal Taxes		(\$205,014)	(\$196,358)	\$0	(\$3,429)	(\$3,065)	\$0	(\$2,161)	\$0
Federal Tax Factor (Tax Rate/(1-Tax Rate))		51.5152%	51.5152%	51.5152%	51.5152%	51.5152%	51.5152%	51.5152%	51.5152%
Federal Income Taxes Before Flowback		(\$105,613)	(\$101,154)	\$0	(\$1,767)	(\$1,579)	\$0	(\$1,113)	\$0
Less: Deferred Federal Tax Flowback	120	0	0	0	0	0	0	0	0
Less: Investment Tax Credit		0	0	0	0	0	0	0	0
Federal Income Taxes After Flowback		(\$105,613)	(\$101,154)	\$0	(\$1,767)	(\$1,579)	\$0	(\$1,113)	\$0
Prorated Federal Income Taxes		(\$89,360)	(\$85,587)	\$0	(\$1,495)	(\$1,336)	\$0	(\$942)	\$0
<u>State Income Taxes</u>									
Net Operating Income		(\$181,189)	(\$173,539)	\$0	(\$3,031)	(\$2,709)	\$0	(\$1,910)	\$0
Less: Interest Expense		(28,872)	(27,653)	0	(483)	(432)	0	(304)	0
Plus: Non-Deductible Expenses		5,047	4,834	0	84	75	0	53	0
Plus: Utility Receipts Taxes		\$99,675	\$92,851	\$0	\$4,721	\$2,016	\$0	\$87	\$0
Plus: Investment Tax Credit		0	0	0	0	0	0	0	0
Plus: Federal Income Taxes		(105,613)	(101,154)	0	(1,767)	(1,579)	0	(1,113)	0
Plus: Property Taxes	100	\$0	0	0	0	0	0	0	0
Less: Deferred State Tax Flowback	102	\$0	0	0	0	0	0	0	0
Total Amount to Calculate State Taxes		(\$210,952)	(\$204,661)	\$0	(\$475)	(\$2,628)	\$0	(\$3,188)	\$0
State Tax Factor (Tax Rate/(1-Tax Rate))		9.2896%	9.2896%	9.2896%	9.2896%	9.2896%	9.2896%	9.2896%	9.2896%
State Income Taxes-Current and Deferred		(\$19,597)	(\$19,012)	\$0	(\$44)	(\$244)	\$0	(\$296)	\$0
Less: Deferred State Tax Flowback	102	\$0	0	0	0	0	0	0	0
State Income Tax After Flowback		(\$19,597)	(\$19,012)	\$0	(\$44)	(\$244)	\$0	(\$296)	\$0
Prorated State Income Taxes		(\$15,280)	(\$14,824)	\$0	(\$34)	(\$190)	\$0	(\$231)	\$0

OHIO VALLEY GAS, INC.
IURC CAUSE NO. 43208
COST OF SERVICE STUDY
CALCULATION OF TAXES, NET OPERATING INCOME AND REVENUES
PROFORMA A EQUALIZED TAXES (Cont.)

DATA: 12 MONTHS ENDED JUNE 30, 2006
TYPE OF FILING: CASE-IN-CHIEF
WITNESS: HEID

PETITIONER'S EXHIBIT NO. KAH-2
SCHEDULE 6
PAGE 4 OF 9

	<u>NO.</u>	<u>TOTAL</u>	<u>Rate 1S</u>	<u>Rate 2S</u>	<u>Rate 3IS</u>	<u>Rate 4S</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>Utility Receipts Taxes</u>									
Net Operating Income		(181,189)	(173,539)	0	(3,031)	(2,709)	0	(1,910)	0
Plus: Operating & Maintenance Expenses		\$1,319,388	\$1,272,157	\$0	\$8,385	\$32,722	\$0	\$6,124	\$0
Plus: Gas Costs (Rate 70 + UAFG)		\$5,656,716	\$5,225,206	\$0	\$323,779	\$107,731	\$0	\$0	\$0
Plus: Depreciation and Amortization Expenses		\$216,675	\$207,516	\$0	\$3,637	\$3,230	\$0	\$2,292	\$0
Plus: Investment Tax Credit		0	0	0	0	0	0	0	0
Plus: Federal Income Taxes		(105,613)	(101,154)	0	(1,767)	(1,579)	0	(1,113)	0
Plus: State Income Taxes		(19,597)	(19,012)	0	(44)	(244)	0	(296)	0
Plus: Property taxes		64,259	61,543	0	1,080	956	0	680	0
Plus: Other Taxes		75,871	73,155	0	482	1,882	0	352	0
Less: Uncollectible Expense	26	(5,542)	(5,542)	0	0	0	0	0	0
Less: Statutory Exemption	121	(1,000)	(939)	0	(44)	(15)	0	(2)	0
Total Amount to Calculate Utility Receipts Taxes		\$7,019,968	\$6,539,390	\$0	\$332,477	\$141,973	\$0	\$6,127	\$0
Utility Receipts Tax Factor (Tax Rate/(1-Tax Rate))		1.4199%	1.4199%	1.4199%	1.4199%	1.4199%	1.4199%	1.4199%	1.4199%
Utility Receipts Taxes		\$99,675	\$92,851	\$0	\$4,721	\$2,016	\$0	\$87	\$0
Prorated Utility Receipts Taxes		\$100,252	\$93,389	\$0	\$4,748	\$2,028	\$0	\$88	\$0
<u>Derivation of Proforma A Equalized Revenues</u>									
Net Operating Income		(181,189)	(173,539)	0	(3,031)	(2,709)	0	(1,910)	0
Plus: Operating & Maintenance Expenses		\$1,319,388	\$1,272,157	\$0	\$8,385	\$32,722	\$0	\$6,124	\$0
Plus: Gas Costs		5,656,716	5,225,206	0	323,779	107,731	0	0	0
Plus: Depreciation and Amortization Expenses		\$216,675	\$207,516	\$0	\$3,637	\$3,230	\$0	\$2,292	\$0
Plus: Federal Income Taxes		(89,360)	(85,587)	0	(1,495)	(1,336)	0	(942)	0
Plus: State Income Taxes		(15,280)	(14,824)	0	(34)	(190)	0	(231)	0
Plus: Utility Receipts Taxes		100,252	93,389	0	4,748	2,028	0	88	0
Plus: Property Taxes		64,259	61,543	0	1,080	956	0	680	0
Plus: Other Taxes		75,871	73,155	0	482	1,882	0	352	0
Plus: Investment Tax Credit		0	0	0	0	0	0	0	0
Proforma A Equalized Revenues w/Misc. Re		\$7,147,332	\$6,659,015	\$0	\$337,551	\$144,313	\$0	\$6,453	\$0

OHIO VALLEY GAS, INC.
IURC CAUSE NO. 43208
COST OF SERVICE STUDY
CALCULATION OF TAXES, NET OPERATING INCOME AND REVENUES
PROFORMA B EQUALIZED TAXES

DATA: 12 MONTHS ENDED JUNE 30, 2006
TYPE OF FILING: CASE-IN-CHIEF
WITNESS: HEID

PETITIONER'S EXHIBIT NO. KAH-2
SCHEDULE 6
PAGE 5 OF 9

	<u>NO.</u>	<u>TOTAL</u>	<u>Rate 1S</u>	<u>Rate 2S</u>	<u>Rate 3IS</u>	<u>Rate 4S</u>	<u>Rate 5T</u>	<u>Rate 6T</u>	<u>Rate 8T</u>
Rate Base		\$2,318,287	\$2,220,411	\$0	\$38,778	\$34,660	\$0	\$24,439	\$0
Allowed Rate of Return		10.0797%	10.0797%	10.0797%	10.0797%	10.0797%	10.0797%	10.0797%	10.0797%
Allowed Net Operating Income		\$233,676	\$223,810	\$0	\$3,909	\$3,494	\$0	\$2,463	\$0

Federal Income Taxes

Net Operating Income		\$233,676	\$223,810	\$0	\$3,909	\$3,494	\$0	\$2,463	\$0
Less: Interest Expense	102	(28,872)	(27,653)	0	(483)	(432)	0	(304)	0
Plus: Non-Deductible Expenses		5,047	4,834	0	84	75	0	53	0
Plus: Investment Tax Credit	100	0	0	0	0	0	0	0	0
Less: Deferred Federal Tax Flowback	120	0	0	0	0	0	0	0	0
Total Amount to Calculate Federal Taxes		\$209,851	\$200,991	\$0	\$3,510	\$3,137	\$0	\$2,212	\$0
Federal Tax Factor (Tax Rate/(1-Tax Rate))		51.5152%	51.5152%	51.5152%	51.5152%	51.5152%	51.5152%	51.5152%	51.5152%
Federal Income Taxes Before Flowback and ITC		\$108,105	\$103,541	\$0	\$1,808	\$1,616	\$0	\$1,140	\$0
Less: Deferred Federal Tax Flowback	120	0	0	0	0	0	0	0	0
Less: Investment Tax Credit		0	0	0	0	0	0	0	0
Federal Income Tax Liability		\$108,105	\$103,541	\$0	\$1,808	\$1,616	\$0	\$1,140	\$0
Prorated Federal Income Taxes		\$124,358	\$119,108	\$0	\$2,080	\$1,859	\$0	\$1,311	\$0

State Income Taxes

Net Operating Income		\$233,676	\$223,810	\$0	\$3,909	\$3,494	\$0	\$2,463	\$0
Less: Interest Expense		(28,872)	(27,653)	0	(483)	(432)	0	(304)	0
Plus: Non-Deductible Expenses		5,047	4,834	0	84	75	0	53	0
Plus: Utility Receipts Tax		\$109,453	\$102,216	\$0	\$4,885	\$2,162	\$0	\$190	\$0
Plus: Investment Tax Credit		0	0	0	0	0	0	0	0
Plus: Federal Income Taxes		108,105	103,541	0	1,808	1,616	0	1,140	0
Plus: Property Taxes	100	\$0	0	0	0	0	0	0	0
Less: Deferred State Tax Flowback		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Amount to Calculate State Taxes		\$427,409	\$406,748	\$0	\$10,203	\$6,916	\$0	\$3,542	\$0
State Tax Factor (Tax Rate/(1-Tax Rate))		9.2896%	9.2896%	9.2896%	9.2896%	9.2896%	9.2896%	9.2896%	9.2896%
State Income Taxes-Current and Deferre		\$39,705	\$37,785	\$0	\$948	\$642	\$0	\$329	\$0
Less: Deferred State Tax Flowbac		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
State Income Tax Liability		\$39,705	\$37,785	\$0	\$948	\$642	\$0	\$329	\$0
Prorated State Income Tax		\$43,113	\$41,029	\$0	\$1,029	\$698	\$0	\$357	\$0

OHIO VALLEY GAS, INC.
IURC CAUSE NO. 43208
COST OF SERVICE STUDY
CALCULATION OF TAXES, NET OPERATING INCOME AND REVENUES
PROFORMA B EQUALIZED TAXES (Cont.)

DATA: 12 MONTHS ENDED JUNE 30, 2006
TYPE OF FILING: CASE-IN-CHIEF
WITNESS: HEID

PETITIONER'S EXHIBIT NO. KAH-2
SCHEDULE 6
PAGE 6 OF 9

	NO.	TOTAL	Rate 1S	Rate 2S	Rate 3IS	Rate 4S	0	0	0
Utility Receipts Tax									
Net Operating Income		233,676	223,810	0	3,909	3,494	0	2,463	0
Plus: Operating & Maintenance Expense:		\$1,319,388	\$1,272,157	\$0	\$8,385	\$32,722	\$0	\$6,124	\$0
Plus: Gas Costs (Rate 70 + UAFC)		\$5,656,716	\$5,225,206	\$0	\$323,779	\$107,731	\$0	\$0	\$0
Plus: Depreciation and Amortization Expense		\$216,675	\$207,516	\$0	\$3,637	\$3,230	\$0	\$2,292	\$0
Plus: Investment Tax Credit	100	0	0	0	0	0	0	0	0
Plus: Federal Income Tax:		108,105	103,541	0	1,808	1,616	0	1,140	0
Plus: Property Taxes		64,259	61,543	0	1,080	956	0	680	0
Plus: State Income Tax:		39,705	37,785	0	948	642	0	329	0
Plus: Other Taxes	117	76,612	73,830	0	511	1,901	0	370	0
Less: Uncollectible Expense	26	(5,542)	(5,542)	0	0	0	0	0	0
Less: Statutory Exemption	122	(1,000)	(932)	0	(47)	(20)	0	(1)	0
Total Amount to Calculate Utility Receipts Tax		\$7,708,594	\$7,198,916	\$0	\$344,009	\$152,272	\$0	\$13,397	\$0
Utility Receipts Tax Factor (Tax Rate/(1-Tax Rate))		1.4199%	1.4199%	1.4199%	1.4199%	1.4199%	1.4199%	1.4199%	1.4199%
Utility Receipts Taxes		\$109,453	\$102,216	\$0	\$4,885	\$2,162	\$0	\$190	\$0
Prorated Utility Receipts Taxes		\$110,017	\$102,743	\$0	\$4,910	\$2,173	\$0	\$191	\$0

DERIVATION OF PROFORMA B EQUALIZED REVENUES

Net Operating Income		233,676	223,810	0	3,909	3,494	0	2,463	0
Plus: Operating & Maintenance Expenses		\$1,319,388	\$1,272,157	\$0	\$8,385	\$32,722	\$0	\$6,124	\$0
Plus: Gas Costs		5,656,716	5,225,206	0	323,779	107,731	0	0	0
Plus: Depreciation and Amortization Expenses		\$216,675	\$207,516	\$0	\$3,637	\$3,230	\$0	\$2,292	\$0
Plus: Federal Income Taxes		124,358	119,108	0	2,080	1,859	0	1,311	0
Plus: State Income Taxes		43,113	41,029	0	1,029	698	0	357	0
Plus: Utility Receipts Taxes		110,017	102,743	0	4,910	2,173	0	191	0
Plus: Property Taxes		64,259	61,543	0	1,080	956	0	680	0
Plus: Other Taxes		76,612	73,830	0	511	1,901	0	370	0
Plus: Investment Tax Credit		0	0	0	0	0	0	0	0
Proforma B Equalized Revenues w/Misc. Rev		\$7,844,814	\$7,326,942	\$0	\$349,319	\$154,764	\$0	\$13,789	\$0

OHIO VALLEY GAS, INC.
IURC CAUSE NO. 43208
COST OF SERVICE STUDY
CALCULATION OF TAXES, NET OPERATING INCOME AND REVENUES
PROFORMA B NORMALIZED TAXES

DATA: 12 MONTHS ENDED JUNE 30, 2006
TYPE OF FILING: CASE-IN-CHIEF
WITNESS: HEID

PETITIONER'S EXHIBIT NO. KAH-2
SCHEDULE 6
PAGE 7 OF 9

	<u>NO.</u>	<u>TOTAL</u>	<u>Rate 1S</u>	<u>Rate 2S</u>	<u>Rate 3IS</u>	<u>Rate 4S</u>	<u>Rate 5T</u>	<u>Rate 6T</u>	<u>Rate 8T</u>
<u>SUBSIDY REDUCTION</u>									
Proforma A Normalized Revenues w/Misc. Rev.		\$7,147,333	\$6,710,833	\$0	\$316,227	\$108,990	\$0	\$11,283	\$0
Less: Proforma A Equalized Revenues w/Misc. Rev.		7,147,332	6,659,015	0	337,551	144,313	0	6,453	0
Proforma A Subsidy		\$1	\$51,818	\$0	(\$21,324)	(\$35,323)	\$0	\$4,830	\$0
Proposed Subsidy Reduction Percentage			10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
Proforma B Subsidy		\$1	\$46,636	\$0	(\$19,192)	(\$31,791)	\$0	\$4,347	\$0
Proforma B Equalized Revenues w/Misc. Rev.		\$7,844,814	\$7,326,942	\$0	\$349,319	\$154,764	\$0	\$13,789	\$0
Proforma B Normalized Revenues w/Misc. Rev		\$7,844,815	\$7,373,579	\$0	\$330,127	\$122,973	\$0	\$18,135	\$0
<u>TAX CALCULATIONS</u>									
<u>Utility Receipts Taxes</u>									
Total Proforma B Normal Revenues		\$7,844,815	\$7,373,579	\$0	\$330,127	\$122,973	\$0	\$18,135	\$0
Less: Uncollectible Expense	26	(5,542)	(5,542)	0	0	0	0	0	0
Less: Statutory Exemption	124	(1,000)	(940)	0	(42)	(16)	0	(2)	0
Income for Utility Receipts Taxes		\$7,838,273	\$7,367,097	\$0	\$330,085	\$122,958	\$0	\$18,133	\$0
Utility Receipts Tax Rate		1.40%	1.40%	1.40%	1.40%	1.40%	1.40%	1.40%	1.40%
Utility Receipts Taxes		\$109,736	\$103,139	\$0	\$4,621	\$1,721	\$0	\$254	\$0
Prorated Utility Receipts Taxes		\$110,017	\$103,404	\$0	\$4,633	\$1,726	\$0	\$255	\$0
<u>State Income Taxes</u>									
Total Proforma B Normal Revenues		\$7,844,815	\$7,373,579	\$0	\$330,127	\$122,973	\$0	\$18,135	\$0
Less: Operation and Maintenance Expenses		(1,319,388)	(1,272,157)	0	(8,385)	(32,722)	0	(6,124)	0
Less: Gas Costs		(5,656,716)	(5,225,206)	0	(323,779)	(107,731)	0	0	0
Less: Depreciation Expense		(216,675)	(207,516)	0	(3,637)	(3,230)	0	(2,292)	0
Less: Property Taxes		(64,259)	(61,543)	0	(1,080)	(956)	0	(680)	0
Less: Other Taxes	117	(76,612)	(73,830)	0	(511)	(1,901)	0	(370)	0
Less: Utility Receipts Tax		0	0	0	0	0	0	0	0
Less: Interest Expense	102	(28,872)	(27,653)	0	(483)	(432)	0	(304)	0
Less: Non-Deductible Expenses		5,047	4,834	0	84	75	0	53	0
Income for State Income Taxes		\$487,340	\$510,507	\$0	(\$7,663)	(\$23,923)	\$0	\$8,419	\$0
State Income Tax Rate		8.50%	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%
State Income Taxes Before Flowback		\$41,424	\$43,393	\$0	(\$651)	(\$2,033)	\$0	\$716	\$0
Less: Deferred State Tax Flowback		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total State Income Tax Liability		\$41,424	\$43,393	\$0	(\$651)	(\$2,033)	\$0	\$716	\$0

IURC CAUSE NO. 43208

OHIO VALLEY GAS, INC.

**COST OF SERVICE STUDY
CALCULATION OF TAXES, NET OPERATING INCOME AND REVENUES
PROFORMA B NORMALIZED TAXES (Cont.)**

DATA: 12 MONTHS ENDED JUNE 30, 2006
TYPE OF FILING: CASE-IN-CHIEF
WITNESS: HEID

PETITIONER'S EXHIBIT NO. KAH-2
SCHEDULE 6
PAGE 8 OF 9

	<u>NO.</u>	<u>TOTAL</u>	<u>Rate 1S</u>	<u>Rate 2S</u>	<u>Rate 3IS</u>	<u>Rate 4S</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>Federal Income taxes</u>									
Total Proforma B Normal Revenues		\$7,844,815	\$7,373,579	\$0	\$330,127	\$122,973	\$0	\$18,135	\$0
Less: Operation and Maintenance Expenses		(1,319,388)	(1,272,157)	0	(8,385)	(32,722)	0	(6,124)	0
Less: Gas Costs		(5,656,716)	(5,225,206)	0	(323,779)	(107,731)	0	0	0
Less: Depreciation Expense		(216,875)	(207,516)	0	(3,637)	(3,230)	0	(2,292)	0
Less: Other Taxes		(76,612)	(73,830)	0	(511)	(1,901)	0	(370)	0
Less: Property Taxes	100	(64,259)	(61,543)	0	(1,080)	(956)	0	(680)	0
Less: Utility Receipts Taxes		(109,736)	(103,139)	0	(4,621)	(1,721)	0	(254)	0
Less: Interest Expense	102	(28,872)	(27,653)	0	(483)	(432)	0	(304)	0
Less: Non-Deductible Expenses		(5,047)	(4,834)	0	(84)	(75)	0	(53)	0
Less: State Income Taxes		(41,424)	(43,393)	0	651	2,033	0	(716)	0
Income for Federal Income Taxes		\$326,086	\$354,307	\$0	(\$11,801)	(\$23,762)	\$0	\$7,343	\$0
Federal Income Tax Rate		34.00%	34.00%	34.00%	34.00%	34.00%	34.00%	34.00%	34.00%
Federal Income Taxes		\$110,869	\$120,464	\$0	(\$4,012)	(\$8,079)	\$0	\$2,497	\$0
Less: Investment Tax Credit	100	0	0	0	0	0	0	0	0
Less Deferred Federal Tax Flowback	120	0	0	0	0	0	0	0	0
Total Federal Income Tax Liability		\$110,869	\$120,464	\$0	(\$4,012)	(\$8,079)	\$0	\$2,497	\$0
Prorated Federal Income Taxes		\$124,358	\$135,120	\$0	(\$4,501)	(\$9,062)	\$0	\$2,800	\$0
<u>Net Operating Income</u>									
Total Proforma B Normal Revenues w/Misc. Rev.		\$7,844,815	\$7,373,579	\$0	\$330,127	\$122,973	\$0	\$18,135	\$0
Less: Operation and Maintenance Expenses		(1,319,388)	(1,272,157)	0	(8,385)	(32,722)	0	(6,124)	0
Less: Gas Costs		(5,656,716)	(5,225,206)	0	(323,779)	(107,731)	0	0	0
Less: Depreciation Expense		(216,875)	(207,516)	0	(3,637)	(3,230)	0	(2,292)	0
Less: Other Taxes		(76,612)	(73,830)	0	(511)	(1,901)	0	(370)	0
Less: Utility Receipts Taxes		(110,017)	(103,404)	0	(4,633)	(1,726)	0	(255)	0
Less: Property Taxes		(64,259)	(61,543)	0	(1,080)	(956)	0	(680)	0
Less: State Income Taxes		(43,113)	(45,163)	0	678	2,116	0	(745)	0
Less: Total Federal Income Tax Liability		(124,358)	(135,120)	0	4,501	9,062	0	(2,800)	0
Net Operating Income		\$233,677	\$249,640	\$0	(\$6,719)	(\$14,114)	\$0	\$4,870	\$0
Total Rate Base		\$2,318,287	\$2,220,411	\$0	\$38,778	\$34,660	\$0	\$24,439	\$0
Rate of Return		10.08%	11.24%	0.00%	-17.33%	-40.72%	0.00%	19.93%	0.00%

OHIO VALLEY GAS, INC.
IURC CAUSE NO. 43208
COST OF SERVICE STUDY
SUMMARY OF PROFORMA REVENUES

DATA: 12 MONTHS ENDED JUNE 30, 2006
TYPE OF FILING: CASE-IN-CHIEF
WITNESS: HEID

PETITIONER'S EXHIBIT NO. KAH-2
SCHEDULE 6
PAGE 9 OF 9

Proforma A Normalized Revenues

Proforma A Normalized Revenues w/o Misc. Rev.
Proforma A Normalized Miscellaneous Revenues
Total Proforma A Normalized Revenues w/Misc. Re

<u>NO.</u>	<u>TOTAL</u>	<u>Rate 1S</u>	<u>Rate 2S</u>	<u>Rate 3IS</u>	<u>Rate 4S</u>	<u>Rate 5T</u>	<u>Rate 6T</u>	<u>Rate 8T</u>
	\$7,111,540	\$6,675,040	\$0	\$316,227	\$108,990	\$0	\$11,283	\$0
	35,793	35,793	0	0	0	0	0	0
	<u>\$7,147,333</u>	<u>\$6,710,833</u>	<u>\$0</u>	<u>\$316,227</u>	<u>\$108,990</u>	<u>\$0</u>	<u>\$11,283</u>	<u>\$0</u>

Proforma A Equalized Revenues

Proforma A Equalized Revenues w/o Misc. Rev.
Proforma A Equalized Miscellaneous Revenues
Total Proforma A Equalized Revenues w/Misc. Re

	\$7,111,539	\$6,623,222	\$0	\$337,551	\$144,313	\$0	\$6,453	\$0
	35,793	35,793	0	0	0	0	0	0
	<u>\$7,147,332</u>	<u>\$6,659,015</u>	<u>\$0</u>	<u>\$337,551</u>	<u>\$144,313</u>	<u>\$0</u>	<u>\$6,453</u>	<u>\$0</u>

Proforma B Equalized Revenues

Proforma B Equalized Revenues w/o Misc. Rev.
Proforma B Equalized Miscellaneous Revenues
Total Proforma B Equalized Revenues w/Misc. Re

	\$7,803,842	\$7,285,970	\$0	\$349,319	\$154,764	\$0	\$13,789	\$0
	40,972	40,972	0	0	0	0	0	0
	<u>\$7,844,814</u>	<u>\$7,326,942</u>	<u>\$0</u>	<u>\$349,319</u>	<u>\$154,764</u>	<u>\$0</u>	<u>\$13,789</u>	<u>\$0</u>

Proforma B Normalized Revenues

Proforma B Normalized Revenues w/o Misc. Rev.
Proforma B Normalized Miscellaneous Revenues
Total Proforma B Normalized Revenues w/Misc. Re

	\$7,803,843	\$7,332,607	\$0	\$330,127	\$122,973	\$0	\$18,135	\$0
	40,972	40,972	0	0	0	0	0	0
	<u>\$7,844,815</u>	<u>\$7,373,579</u>	<u>\$0</u>	<u>\$330,127</u>	<u>\$122,973</u>	<u>\$0</u>	<u>\$18,135</u>	<u>\$0</u>

OHIO VALLEY GAS, INC.
IURC CAUSE NO. 43208
COST OF SERVICE STUDY
EQUALIZED COST OF SERVICE AT PRESENT RATES

DATA: 12 MONTHS ENDED JUNE 30, 2006
TYPE OF FILING: CASE-IN-CHIEF
WITNESS: HEID

PETITIONER'S EXHIBIT NO. KAH-2
SCHEDULE 7
PAGE 1 OF 4

	<u>TOTAL</u>	<u>Rate 1S</u>	<u>Rate 2S</u>	<u>Rate 3IS</u>	<u>Rate 4S</u>	<u>Rate 5T</u>	<u>Rate 6T</u>	<u>Rate 8T</u>
OPERATING REVENUES:								
Revenue from Gas Sales	\$7,111,539	\$6,623,222	\$0	\$337,551	\$144,313	\$0	\$6,453	\$0
Miscellaneous Revenues	35,793	35,793	0	0	0	0	0	0
Total Operating Revenues	\$7,147,332	\$6,659,015	\$0	\$337,551	\$144,313	\$0	\$6,453	\$0
OPERATING EXPENSES								
Cost of Gas								
Commodity Cost of Purchased Gas	\$5,576,742	\$5,151,333	\$0	\$319,202	\$106,208	\$0	\$0	\$0
Demand Cost of Purchased Gas	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unaccounted for Gas Costs (Sales Only)	\$79,974	\$73,873	\$0	\$4,578	\$1,523	\$0	\$0	\$0
Total Underground Storage Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Transmission Expenses								
Mains	\$24,424	\$23,436	\$0	\$503	\$177	\$0	\$308	\$0
Structures and Improvements	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Measuring and Regulating Equipment	\$22,867	\$21,941	\$0	\$471	\$166	\$0	\$288	\$0
Supervision and Engineering	\$160	\$154	\$0	\$3	\$1	\$0	\$2	\$0
Other Transmission	\$151	\$145	\$0	\$3	\$1	\$0	\$2	\$0
Total Distribution Expenses								
Measuring and Regulating Equipment	\$16,544	\$15,875	\$0	\$341	\$120	\$0	\$209	\$0
Mains and Services	\$73,501	\$70,708	\$0	\$1,195	\$852	\$0	\$746	\$0
Meter, Meter Installation and House Regulator	\$113,810	\$103,280	\$0	\$752	\$9,026	\$0	\$752	\$0
Customer Installation Expenses	\$55,570	\$55,399	\$0	\$12	\$147	\$0	\$12	\$0
Structures and Improvements Maintenance	\$98	\$94	\$0	\$2	\$1	\$0	\$1	\$0
Supervision and Engineering	\$139,439	\$131,745	\$0	\$1,232	\$5,538	\$0	\$924	\$0
Other Distribution	\$75,345	\$71,188	\$0	\$666	\$2,992	\$0	\$499	\$0
Total Customer Accounts Expenses (Excl. Uncoll.)	\$273,289	\$272,448	\$0	\$60	\$722	\$0	\$60	\$0
Uncollectibles	\$5,542	\$5,542	\$0	\$0	\$0	\$0	\$0	\$0
Total Customer Service Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Sales Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Administrative and General	\$514,561	\$496,496	\$0	\$3,116	\$12,657	\$0	\$2,292	\$0
Total Depreciation and Amortization Expense	\$216,675	207,516	0	3,637	3,230	0	2,292	0
Other Taxes	75,871	73,155	0	482	1,882	0	352	0
Property Taxes	64,259	61,543	0	1,080	956	0	680	0
Utility Receipts Taxes	100,252	93,389	0	4,748	2,028	0	88	0
State Income Taxes	(15,280)	(14,824)	0	(34)	(190)	0	(231)	0
Federal Income Taxes	(89,360)	(85,587)	0	(1,495)	(1,336)	0	(942)	0
Total Operating Expenses	\$7,328,521	\$6,832,554	\$0	\$340,582	\$147,022	\$0	\$8,363	\$0
Net Operating Income	(\$181,189)	(\$173,539)	\$0	(\$3,031)	(\$2,709)	\$0	(\$1,910)	\$0
Total Rate Base	\$2,318,287	\$2,220,411	\$0	\$38,778	\$34,660	\$0	\$24,439	\$0
Rate of Return	-7.82%	-7.82%	0.00%	-7.82%	-7.82%	0.00%	-7.82%	0.00%

OHIO VALLEY GAS, INC.
IURC CAUSE NO. 43208
COST OF SERVICE STUDY
NORMALIZED COST OF SERVICE AT PRESENT RATES

DATA: 12 MONTHS ENDED JUNE 30, 2006
TYPE OF FILING: CASE-IN-CHIEF
WITNESS: HEID

PETITIONER'S EXHIBIT NO. KAH-2
SCHEDULE 7
PAGE 2 OF 4

	<u>TOTAL</u>	<u>Rate 1S</u>	<u>Rate 2S</u>	<u>Rate 3IS</u>	<u>Rate 4S</u>	<u>Rate 5T</u>	<u>Rate 6T</u>	<u>Rate 8T</u>
OPERATING REVENUES:								
Revenue from Gas Sales	\$7,111,540	\$6,675,040	\$0	\$316,227	\$108,990	\$0	\$11,283	\$0
Miscellaneous Revenues	35,793	35,793	0	0	0	0	0	0
Total Operating Revenues	<u>\$7,147,333</u>	<u>\$6,710,833</u>	<u>\$0</u>	<u>\$316,227</u>	<u>\$108,990</u>	<u>\$0</u>	<u>\$11,283</u>	<u>\$0</u>
OPERATING EXPENSES								
Cost of Gas								
Commodity Cost of Purchased Gas	\$5,576,742	\$5,151,333	\$0	\$319,202	\$106,208	\$0	\$0	\$0
Demand Cost of Purchased Gas	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unaccounted for Gas Costs (Sales Only)	\$79,974	\$73,873	\$0	\$4,578	\$1,523	\$0	\$0	\$0
Total Underground Storage Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Transmission Expenses								
Mains	\$24,424	\$23,436	\$0	\$503	\$177	\$0	\$308	\$0
Structures and Improvements	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Measuring and Regulating Equipment	\$22,867	\$21,941	\$0	\$471	\$166	\$0	\$288	\$0
Supervision and Engineering	\$160	\$154	\$0	\$3	\$1	\$0	\$2	\$0
Other Transmission	\$151	\$145	\$0	\$3	\$1	\$0	\$2	\$0
Total Distribution Expenses								
Measuring and Regulating Equipment	\$16,544	\$15,875	\$0	\$341	\$120	\$0	\$209	\$0
Mains and Services	\$73,501	\$70,708	\$0	\$1,195	\$852	\$0	\$746	\$0
Meter, Meter Installation and House Regulator	\$113,810	\$103,280	\$0	\$752	\$9,026	\$0	\$752	\$0
Customer Installation Expenses	\$55,570	\$55,399	\$0	\$12	\$147	\$0	\$12	\$0
Structures and Improvements Maintenance	\$98	\$94	\$0	\$2	\$1	\$0	\$1	\$0
Supervision and Engineering	\$139,439	\$131,745	\$0	\$1,232	\$5,538	\$0	\$924	\$0
Other Distribution	\$75,345	\$71,188	\$0	\$666	\$2,992	\$0	\$499	\$0
Total Customer Accounts Expenses (Excl. Uncoll.)	\$273,289	\$272,448	\$0	\$60	\$722	\$0	\$60	\$0
Uncollectibles	\$5,542	\$5,542	\$0	\$0	\$0	\$0	\$0	\$0
Total Customer Service Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Sales Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Administrative and General	\$514,561	\$496,496	\$0	\$3,116	\$12,657	\$0	\$2,292	\$0
Total Depreciation and Amortization Expense	\$216,675	207,516	0	3,637	3,230	0	2,292	0
Other Taxes	75,871	73,155	0	482	1,882	0	352	0
Property Taxes	64,259	61,543	0	1,080	956	0	680	0
Utility Receipts Taxes	100,252	94,125	0	4,439	1,530	0	158	0
State Income Taxes	(15,280)	(11,060)	0	(1,571)	(2,765)	0	116	0
Federal Income Taxes	(89,360)	(71,280)	(0)	(7,392)	(11,083)	(0)	395	(0)
Total Operating Expenses	<u>\$7,328,521</u>	<u>\$6,851,362</u>	<u>\$0</u>	<u>\$332,839</u>	<u>\$134,204</u>	<u>\$0</u>	<u>\$10,117</u>	<u>\$0</u>
Net Operating Income	<u>(\$181,188)</u>	<u>(\$140,529)</u>	<u>(\$0)</u>	<u>(\$16,612)</u>	<u>(\$25,213)</u>	<u>(\$0)</u>	<u>\$1,166</u>	<u>(\$0)</u>
Total Rate Base	\$2,318,287	\$2,220,411	\$0	\$38,778	\$34,660	\$0	\$24,439	\$0
Rate of Return	<u>-7.82%</u>	<u>-6.33%</u>	<u>0.00%</u>	<u>-42.84%</u>	<u>-72.75%</u>	<u>0.00%</u>	<u>4.77%</u>	<u>0.00%</u>

OHIO VALLEY GAS, INC.
IURC CAUSE NO. 43208
COST OF SERVICE STUDY
EQUALIZED COST OF SERVICE AT PROPOSED RATES

DATA: 12 MONTHS ENDED JUNE 30, 2006
TYPE OF FILING: CASE-IN-CHIEF
WITNESS: HEID

PETITIONER'S EXHIBIT NO. KAH-2
SCHEDULE 7
PAGE 3 OF 4

	<u>TOTAL</u>	<u>Rate 1S</u>	<u>Rate 2S</u>	<u>Rate 3IS</u>	<u>Rate 4S</u>	<u>Rate 5T</u>	<u>Rate 6T</u>	<u>Rate 8T</u>
OPERATING REVENUES:								
Revenue from Gas Sales	\$7,803,842	\$7,285,970	\$0	\$349,319	\$154,764	\$0	\$13,789	\$0
Miscellaneous Revenues	40,972	40,972	0	0	0	0	0	0
Total Operating Revenues	<u>\$7,844,814</u>	<u>\$7,326,942</u>	<u>\$0</u>	<u>\$349,319</u>	<u>\$154,764</u>	<u>\$0</u>	<u>\$13,789</u>	<u>\$0</u>
OPERATING EXPENSES								
Cost of Gas								
Commodity Cost of Purchased Gas	\$5,576,742	\$5,151,333	\$0	\$319,202	\$106,208	\$0	\$0	\$0
Demand Cost of Purchased Gas	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unaccounted for Gas Costs (Sales Only)	\$79,974	\$73,873	\$0	\$4,578	\$1,523	\$0	\$0	\$0
Total Underground Storage Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Transmission Expenses								
Mains	\$24,424	\$23,436	\$0	\$503	\$177	\$0	\$308	\$0
Structures and Improvements	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Measuring and Regulating Equipment	\$22,867	\$21,941	\$0	\$471	\$166	\$0	\$288	\$0
Supervision and Engineering	\$160	\$154	\$0	\$3	\$1	\$0	\$2	\$0
Other Transmission	\$151	\$145	\$0	\$3	\$1	\$0	\$2	\$0
Total Distribution Expenses								
Measuring and Regulating Equipment	\$16,544	\$15,875	\$0	\$341	\$120	\$0	\$209	\$0
Mains and Services	\$73,501	\$70,708	\$0	\$1,195	\$852	\$0	\$746	\$0
Meter, Meter Installation and House Regulator	\$113,810	\$103,280	\$0	\$752	\$9,026	\$0	\$752	\$0
Customer Installation Expenses	\$55,570	\$55,399	\$0	\$12	\$147	\$0	\$12	\$0
Structures and Improvements Maintenance	\$98	\$94	\$0	\$2	\$1	\$0	\$1	\$0
Supervision and Engineering	\$139,439	\$131,745	\$0	\$1,232	\$5,538	\$0	\$924	\$0
Other Distribution	\$75,345	\$71,188	\$0	\$666	\$2,992	\$0	\$499	\$0
Total Customer Accounts Expenses (Excl. Uncoll.)	\$273,289	\$272,448	\$0	\$60	\$722	\$0	\$60	\$0
Uncollectibles	\$5,542	\$5,542	\$0	\$0	\$0	\$0	\$0	\$0
Total Customer Service Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Sales Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Administrative and General	\$514,561	\$496,496	\$0	\$3,116	\$12,657	\$0	\$2,292	\$0
Total Depreciation and Amortization Expense	\$216,675	\$207,516	\$0	\$3,637	\$3,230	\$0	\$2,292	\$0
Other Taxes								
Property Taxes	76,612	73,830	0	511	1,901	0	370	0
Utility Receipts Taxes	64,259	61,543	0	1,080	956	0	680	0
State Income Taxes	110,017	102,743	0	4,910	2,173	0	191	0
Federal Income Taxes	43,113	41,029	0	1,029	698	0	357	0
	<u>124,358</u>	<u>119,108</u>	<u>0</u>	<u>2,080</u>	<u>1,859</u>	<u>0</u>	<u>1,311</u>	<u>0</u>
Total Operating Expenses	<u>\$7,611,138</u>	<u>\$7,103,132</u>	<u>\$0</u>	<u>\$345,410</u>	<u>\$151,270</u>	<u>\$0</u>	<u>\$11,325</u>	<u>\$0</u>
Net Operating Income	<u>\$233,676</u>	<u>\$223,810</u>	<u>\$0</u>	<u>\$3,909</u>	<u>\$3,494</u>	<u>\$0</u>	<u>\$2,463</u>	<u>\$0</u>
Total Rate Base	\$2,318,287	\$2,220,411	\$0	\$38,778	\$34,660	\$0	\$24,439	\$0
Rate of Return	<u>10.08%</u>	<u>10.08%</u>	<u>0.00%</u>	<u>10.08%</u>	<u>10.08%</u>	<u>0.00%</u>	<u>10.08%</u>	<u>0.00%</u>

OHIO VALLEY GAS, INC.
IURC CAUSE NO. 43208
COST OF SERVICE STUDY
NORMALIZED COST OF SERVICE AT PROPOSED RATES

DATA: 12 MONTHS ENDED JUNE 30, 2006
TYPE OF FILING: CASE-IN-CHIEF
WITNESS: HEID

PETITIONER'S EXHIBIT NO. KAH-2
SCHEDULE 7
PAGE 4 OF 4

	<u>TOTAL</u>	<u>Rate 1S</u>	<u>Rate 2S</u>	<u>Rate 3IS</u>	<u>Rate 4S</u>	<u>Rate 5T</u>	<u>Rate 6T</u>	<u>Rate 8T</u>
<u>OPERATING REVENUES:</u>								
Revenue from Gas Sales	\$7,803,843	\$7,332,607	\$0	\$330,127	\$122,973	\$0	\$18,135	\$0
Miscellaneous Revenues	40,972	40,972	0	0	0	0	0	0
Total Operating Revenues	<u>\$7,844,815</u>	<u>\$7,373,579</u>	<u>\$0</u>	<u>\$330,127</u>	<u>\$122,973</u>	<u>\$0</u>	<u>\$18,135</u>	<u>\$0</u>
					1.2577			
<u>OPERATING EXPENSES</u>								
Cost of Gas								
Commodity Cost of Purchased Gas	\$5,576,742	\$5,151,333	\$0	\$319,202	\$106,208	\$0	\$0	\$0
Demand Cost of Purchased Gas	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Unaccounted for Gas Costs (Sales Only)	\$79,974	\$73,873	\$0	\$4,578	\$1,523	\$0	\$0	\$0
Total Underground Storage Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Transmission Expenses								
Mains	\$24,424	\$23,436	\$0	\$503	\$177	\$0	\$308	\$0
Structures and Improvements	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Measuring and Regulating Equipment	\$22,867	\$21,941	\$0	\$471	\$166	\$0	\$288	\$0
Supervision and Engineering	\$160	\$154	\$0	\$3	\$1	\$0	\$2	\$0
Other Transmission	\$151	\$145	\$0	\$3	\$1	\$0	\$2	\$0
Total Distribution Expenses								
Measuring and Regulating Equipment	\$16,544	\$15,875	\$0	\$341	\$120	\$0	\$209	\$0
Mains and Services	\$73,501	\$70,708	\$0	\$1,195	\$852	\$0	\$746	\$0
Industrial Measuring and Regulating Equipment	\$4,085	\$3,707	\$0	\$27	\$324	\$0	\$27	\$0
Meter, Meter Installation and House Regulator	\$113,810	\$103,280	\$0	\$752	\$9,026	\$0	\$752	\$0
Customer Installation Expenses	\$55,570	\$55,399	\$0	\$12	\$147	\$0	\$12	\$0
Structures and Improvements Maintenance	\$98	\$94	\$0	\$2	\$1	\$0	\$1	\$0
Supervision and Engineering	\$139,439	\$131,745	\$0	\$1,232	\$5,538	\$0	\$924	\$0
Other Distribution	\$75,345	\$71,188	\$0	\$666	\$2,992	\$0	\$499	\$0
Total Customer Accounts Expenses (Excl. Uncoll.)	\$273,289	\$272,448	\$0	\$60	\$722	\$0	\$60	\$0
Uncollectibles	\$5,542	\$5,542	\$0	\$0	\$0	\$0	\$0	\$0
Total Customer Service Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Sales Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Administrative and General	\$514,561	\$496,496	\$0	\$3,116	\$12,657	\$0	\$2,292	\$0
Total Depreciation and Amortization Expense								
	216,675	207,516	0	3,637	3,230	0	2,292	0
Other Taxes								
	76,612	73,830	0	511	1,901	0	370	0
Property Taxes	64,259	61,543	0	1,080	956	0	680	0
Utility Receipts Taxes	110,017	103,404	0	4,633	1,726	0	255	0
State Income Taxes	43,113	45,163	0	(678)	(2,116)	0	745	0
Federal Income Taxes	124,358	135,120	0	(4,501)	(9,062)	0	2,800	0
Total Operating Expenses								
	<u>\$7,611,138</u>	<u>\$7,123,939</u>	<u>\$0</u>	<u>\$336,846</u>	<u>\$137,088</u>	<u>\$0</u>	<u>\$13,265</u>	<u>\$0</u>
Net Operating Income								
	<u>\$233,677</u>	<u>\$249,640</u>	<u>\$0</u>	<u>(\$6,719)</u>	<u>(\$14,114)</u>	<u>\$0</u>	<u>\$4,870</u>	<u>\$0</u>
Total Rate Base								
	\$2,318,287	\$2,220,411	\$0	\$38,778	\$34,660	\$0	\$24,439	\$0
Rate of Return								
	<u>10.08%</u>	<u>11.24%</u>	<u>0.00%</u>	<u>-17.33%</u>	<u>-40.72%</u>	<u>0.00%</u>	<u>19.93%</u>	<u>0.00%</u>

OHIO VALLEY GAS, INC.
IURC CAUSE NO. 43208
COST OF SERVICE STUDY
STATEMENT OF OPERATING INCOME BASED UPON PROFORMA A REVENUES
AT PRESENT RATES OF RETURN

DATA: 12 MONTHS ENDED JUNE 30, 2006
TYPE OF FILING: CASE-IN-CHIEF
WITNESS: HEID

PETITIONER'S EXHIBIT NO. KAH-3
SCHEDULE 1

<u>Line No.</u>	<u>Description</u> (Column A)	<u>Total</u> (B)	<u>Rate 1S</u> (C)	<u>Rate 2S</u> (D)	<u>Rate 3IS</u> (E)	<u>Rate 4S</u> (F)	<u>Rate 5T</u> (G)	<u>Rate 6T</u> (G)	<u>Rate 8T</u> (G)
<u>Operating Revenues</u>									
1	Revenues From Gas Sales	\$7,111,540	\$6,675,040	\$0	\$316,227	\$108,990	\$0	\$11,283	\$0
2	Miscellaneous Revenues	<u>\$35,793</u>	<u>\$35,793</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
3	Total	\$7,147,333	\$6,710,833	\$0	\$316,227	\$108,990	<u>\$0</u>	<u>\$11,283</u>	<u>\$0</u>
<u>Operating Expenses</u>									
4	Operation and Maintenance	\$6,976,104	\$6,497,363	\$0	\$332,164	\$140,453	\$0	\$6,124	\$0
5	Depreciation and Amortization	216,675	207,516	0	3,637	3,230	0	2,292	0
6	Federal Income Taxes	(89,360)	(71,280)	(0)	(7,392)	(11,083)	(0)	395	(0)
7	State Income Taxes	(15,280)	(11,060)	0	(1,571)	(2,765)	0	116	0
8	Taxes Other Than Income Taxes	<u>240,382</u>	<u>228,823</u>	<u>0</u>	<u>6,001</u>	<u>4,368</u>	<u>0</u>	<u>1,190</u>	<u>0</u>
9	Total	\$7,328,521	\$6,851,362	\$0	\$332,839	\$134,204	<u>\$0</u>	<u>\$10,117</u>	<u>\$0</u>
10	Net Operating Income	<u>(\$181,188)</u>	<u>(\$140,529)</u>	<u>(\$0)</u>	<u>(\$16,612)</u>	<u>(\$25,213)</u>	<u>(\$0)</u>	<u>\$1,166</u>	<u>(\$0)</u>
11	Original Cost Rate Base	<u>\$2,318,287</u>	<u>\$2,220,411</u>	<u>\$0</u>	<u>\$38,778</u>	<u>\$34,660</u>	<u>\$0</u>	<u>\$24,439</u>	<u>\$0</u>
12	Rate Of Return On Original Cost Rate Base	-7.82%	-6.33%	N/A	-42.84%	-72.75%	N/A	4.77%	N/A
13	Earnings Index	100%	81%	N/A	548%	931%	N/A	-61%	N/A

OHIO VALLEY GAS, INC.
IURC CAUSE NO. 43208
COST OF SERVICE STUDY
STATEMENT OF OPERATING INCOME BASED UPON PROFORMA A REVENUES
AT EQUALIZED RATES OF RETURN

DATA: 12 MONTHS ENDED JUNE 30, 2006
TYPE OF FILING: CASE-IN-CHIEF
WITNESS: HEID

PETITIONER'S EXHIBIT NO. KAH-3
SCHEDULE 2

<u>Line No.</u>	<u>Description</u> (Column A)	<u>Total</u> (B)	<u>Rate 1S</u> (C)	<u>Rate 2S</u> (D)	<u>Rate 3IS</u> (E)	<u>Rate 4S</u> (F)	<u>Rate 5T</u> (G)	<u>Rate 6T</u> (G)	<u>Rate 8T</u> (G)
<u>Operating Revenues</u>									
1	Revenues From Gas Sales	\$7,111,539	\$6,623,222	\$0	\$337,551	\$144,313	\$0	\$6,453	\$0
2	Miscellaneous Revenues	<u>\$35,793</u>	<u>\$35,793</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
3	Total	<u>\$7,147,332</u>	<u>\$6,659,015</u>	<u>\$0</u>	<u>\$337,551</u>	<u>\$144,313</u>	<u>\$0</u>	<u>\$6,453</u>	<u>\$0</u>
<u>Operating Expenses</u>									
4	Operation and Maintenance	\$6,976,104	\$6,497,363	\$0	\$332,164	\$140,453	\$0	\$6,124	\$0
5	Depreciation and Amortization	216,675	207,516	0	3,637	3,230	0	2,292	0
6	Federal Income Taxes	(89,360)	(85,587)	0	(1,495)	(1,336)	0	(942)	0
7	State Income Taxes	(15,280)	(14,824)	0	(34)	(190)	0	(231)	0
8	Taxes Other Than Income Taxes	<u>240,382</u>	<u>228,087</u>	<u>0</u>	<u>6,310</u>	<u>4,865</u>	<u>0</u>	<u>1,120</u>	<u>0</u>
9	Total	<u>\$7,328,521</u>	<u>\$6,832,554</u>	<u>\$0</u>	<u>\$340,582</u>	<u>\$147,022</u>	<u>\$0</u>	<u>\$8,363</u>	<u>\$0</u>
10	Net Operating Income	<u>(\$181,189)</u>	<u>(\$173,539)</u>	<u>\$0</u>	<u>(\$3,031)</u>	<u>(\$2,709)</u>	<u>\$0</u>	<u>(\$1,910)</u>	<u>\$0</u>
11	Original Cost Rate Base	<u>\$2,318,287</u>	<u>\$2,220,411</u>	<u>\$0</u>	<u>\$38,778</u>	<u>\$34,660</u>	<u>\$0</u>	<u>\$24,439</u>	<u>\$0</u>
12	Rate Of Return On Original Cost Rate Base	-7.82%	-7.82%	N/A	-7.82%	-7.82%	N/A	-7.82%	N/A
13	Earnings Index	100%	100%	N/A	100%	100%	N/A	100%	N/A

OHIO VALLEY GAS, INC.
IURC CAUSE NO. 43208
COST OF SERVICE STUDY
STATEMENT OF OPERATING INCOME BASED UPON PROFORMA B REVENUES
AT EQUALIZED RATES OF RETURN

DATA: 12 MONTHS ENDED JUNE 30, 2006
TYPE OF FILING: CASE-IN-CHIEF
WITNESS: HEID

PETITIONER'S EXHIBIT NO. KAH-3
SCHEDULE 3

<u>Line No.</u>	<u>Description</u> (Column A)	<u>Total</u> (B)	<u>Rate 1S</u> (C)	<u>Rate 2S</u> (D)	<u>Rate 3IS</u> (E)	<u>Rate 4S</u> (F)	<u>Rate 5T</u> (G)	<u>Rate 6T</u> (G)	<u>Rate 8T</u> (G)
<u>Operating Revenues</u>									
1	Revenues From Gas Sales	\$7,803,842	\$7,285,970	\$0	\$349,319	\$154,764	\$0	\$13,789	\$0
2	Miscellaneous Revenues	<u>\$40,972</u>	<u>\$40,972</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
3	Total	<u>\$7,844,814</u>	<u>\$7,326,942</u>	<u>\$0</u>	<u>\$349,319</u>	<u>\$154,764</u>	<u>\$0</u>	<u>\$13,789</u>	<u>\$0</u>
<u>Operating Expenses</u>									
4	Operation and Maintenance	\$6,976,104	\$6,497,363	\$0	\$332,164	\$140,453	\$0	\$6,124	\$0
5	Depreciation and Amortization	216,675	207,516	0	3,637	3,230	0	2,292	0
6	Federal Income Taxes	124,358	119,108	0	2,080	1,859	0	1,311	0
7	State Income Taxes	43,113	41,029	0	1,029	698	0	357	0
8	Taxes Other Than Income Taxes	<u>250,888</u>	<u>238,116</u>	<u>0</u>	<u>6,500</u>	<u>5,031</u>	<u>0</u>	<u>1,241</u>	<u>0</u>
9	Total	<u>\$7,611,138</u>	<u>\$7,103,132</u>	<u>\$0</u>	<u>\$345,410</u>	<u>\$151,270</u>	<u>\$0</u>	<u>\$11,325</u>	<u>\$0</u>
10	Net Operating Income	<u>\$233,676</u>	<u>\$223,810</u>	<u>\$0</u>	<u>\$3,909</u>	<u>\$3,494</u>	<u>\$0</u>	<u>\$2,463</u>	<u>\$0</u>
11	Original Cost Rate Base	<u>\$2,318,287</u>	<u>\$2,220,411</u>	<u>\$0</u>	<u>\$38,778</u>	<u>\$34,660</u>	<u>\$0</u>	<u>\$24,439</u>	<u>\$0</u>
12	Rate Of Return On Original Cost Rate Base	10.08%	10.08%	N/A	10.08%	10.08%	N/A	10.08%	N/A
13	Earnings Index	100%	100%	N/A	100%	100%	N/A	100%	N/A

OHIO VALLEY GAS, INC.
IURC CAUSE NO. 43208
COST OF SERVICE STUDY
STATEMENT OF OPERATING INCOME BASED UPON PROFORMA B REVENUES
AT PROPOSED RATES OF RETURN

DATA: 12 MONTHS ENDED JUNE 30, 2006
TYPE OF FILING: CASE-IN-CHIEF
WITNESS: HEID

PETITIONER'S EXHIBIT NO. KAH-3
SCHEDULE 4

<u>Line No.</u>	<u>Description</u> (Column A)	<u>Total</u> (B)	<u>Rate 1S</u> (C)	<u>Rate 2S</u> (D)	<u>Rate 3IS</u> (E)	<u>Rate 4S</u> (F)	<u>Rate 5T</u> (G)	<u>Rate 6T</u> (G)	<u>Rate 8T</u> (G)
<u>Operating Revenues</u>									
1	Revenues From Gas Sales	\$7,803,843	\$7,332,607	\$0	\$330,127	\$122,973	\$0	\$18,135	\$0
2	Miscellaneous Revenues	<u>\$40,972</u>	<u>\$40,972</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
3	Total	<u>\$7,844,815</u>	<u>\$7,373,579</u>	<u>\$0</u>	<u>\$330,127</u>	<u>\$122,973</u>	<u>\$0</u>	<u>\$18,135</u>	<u>\$0</u>
<u>Operating Expenses</u>									
4	Operation and Maintenance	\$6,976,104	\$6,497,363	\$0	\$332,164	\$140,453	\$0	\$6,124	\$0
5	Depreciation and Amortization	216,675	207,516	0	3,637	3,230	0	2,292	0
6	Federal Income Taxes	124,358	135,120	0	(4,501)	(9,062)	0	2,800	0
7	State Income Taxes	43,113	45,163	0	(678)	(2,116)	0	745	0
8	Taxes Other Than Income Taxes	<u>250,888</u>	<u>238,777</u>	<u>0</u>	<u>6,223</u>	<u>4,583</u>	<u>0</u>	<u>1,304</u>	<u>0</u>
9	Total	<u>\$7,611,138</u>	<u>\$7,123,939</u>	<u>\$0</u>	<u>\$336,846</u>	<u>\$137,088</u>	<u>\$0</u>	<u>\$13,265</u>	<u>\$0</u>
10	Net Operating Income	<u>\$233,677</u>	<u>\$249,640</u>	<u>\$0</u>	<u>(\$6,719)</u>	<u>(\$14,114)</u>	<u>\$0</u>	<u>\$4,870</u>	<u>\$0</u>
11	Original Cost Rate Base	<u>\$2,318,287</u>	<u>\$2,220,411</u>	<u>\$0</u>	<u>\$38,778</u>	<u>\$34,660</u>	<u>\$0</u>	<u>\$24,439</u>	<u>\$0</u>
12	Rate Of Return On Original Cost Rate Base	10.08%	11.24%	N/A	-17.33%	-40.72%	N/A	19.93%	N/A
13	Earnings Index	100%	112%	N/A	-172%	-404%	N/A	198%	N/A

OHIO VALLEY GAS, INC.
IURC CAUSE NO. 43208
COST OF SERVICE STUDY
COMPARISON OF PROFORMA OPERATING REVENUES AND RESULTING DOLLAR SUBSIDY
LEVELS AT PRESENT AND PROPOSED RATES

DATA: 12 MONTHS ENDED JUNE 30, 2006
TYPE OF FILING: CASE-IN-CHIEF
WITNESS: HEID

PETITIONER'S EXHIBIT NO. KAH-4
SCHEDULE 1

Line No.	Rate Schedule (A)	PROFORMA REVENUES - PRESENT RATES			PROFORMA REVENUES - PROPOSED RATES				
		Revenues At Present Rates (B)	Revenues Required For Equalized Returns (C)	Present Subsidy (D)	Revenues Required For Equalized Returns (E)	Revenues At Proposed Rates (F)	Proposed Subsidy (G)	Subsidy Reduction	
								Amount (H)	Percentage (I)
1	Rate 1S	\$6,710,833	\$6,659,015	\$51,818	\$7,326,942	\$7,373,579	\$46,636	\$5,182	10.00%
2	Rate 2S	\$0	\$0	\$0	\$0	\$0	\$0	\$0	N/A
3	Rate 3IS	\$316,227	\$337,551	(\$21,324)	\$349,319	\$330,127	(\$19,192)	(\$2,132)	10.00%
4	Rate 4S	\$108,990	\$144,313	(\$35,323)	\$154,764	\$122,973	(\$31,791)	(\$3,532)	10.00%
5	Rate 5T	\$0	\$0	\$0	\$0	\$0	\$0	\$0	N/A
6	Rate 6T	\$11,283	\$6,453	\$4,830	\$13,789	\$18,135	\$4,347	\$483	10.00%
7	Rate 8T	\$0	\$0	\$0	\$0	\$0	\$0	\$0	N/A
8	Total	\$7,147,333	\$7,147,332	\$1	\$7,844,814	\$7,844,815	\$1	\$0	

OHIO VALLEY GAS, INC.
IURC CAUSE NO. 43208
COST OF SERVICE STUDY

COMPARISON OF EARNINGS INDICES AT PRESENT AND PROPOSED RATES

DATA: 12 MONTHS ENDED JUNE 30, 2006
TYPE OF FILING: CASE-IN-CHIEF
WITNESS: HEID

PETITIONER'S EXHIBIT NO. KAH-4
SCHEDULE 2

<u>Line No.</u>	<u>Rate Schedule (A)</u>	<u>PRESENT RATES</u>		<u>PROPOSED RATES</u>		<u>SUBSIDY REDUCTION</u>	<u>Percentage Margin Increase (G)</u>
		<u>Present Rates of Return (B)</u>	<u>Present Earnings Index (C)</u>	<u>Proposed Rates of Return (D)</u>	<u>Proposed Earnings Index (E)</u>	<u>Change in Earnings Index (F)</u>	
1	Rate 1S	-6.33%	81%	11.24%	112%	38%	43.16%
2	Rate 2S	0.00%	0%	0.00%	0%	#DIV/0!	0.00%
3	Rate 3IS	-42.84%	548%	-17.33%	-172%	131%	-467.31%
4	Rate 4S	-72.75%	931%	-40.72%	-404%	143%	502.52%
5	Rate 5T	0.00%	0%	0.00%	0%	#DIV/0!	0.00%
6	Rate 6T	4.77%	-61%	19.93%	198%	424%	0.00%
7	Total	-7.82%	100%	10.08%	100%		45.11%

OHIO VALLEY GAS, INC.
IURC CAUSE NO. 43208
COST OF SERVICE STUDY

COMPARISON OF GAS SALES REVENUES AT PRESENT AND PROPOSED RATES

DATA: 12 MONTHS ENDED JUNE 30, 2006
TYPE OF FILING: CASE-IN-CHIEF
WITNESS: HEID

PETITIONER'S EXHIBIT NO. KAH-5
SCHEDULE 1

GAS SALES REVENUES					
<u>Line No.</u>	<u>Rate Schedule (A)</u>	<u>Revenues At Present Rates (B)</u>	<u>Revenues At Proposed Rates (C)</u>	<u>Increase or (Decrease)</u>	
				<u>Amount (D)</u>	<u>Percentage (E)</u>
1	Rate 1S	\$6,675,040	\$7,332,607	\$657,567	9.85%
2	Rate 2S	\$0	\$0	\$0	N/A
3	Rate 3IS	\$316,227	\$330,127	\$13,900	4.40%
4	Rate 4S	\$108,990	\$122,973	\$13,983	12.83%
5	Rate 5T	\$0	\$0	\$0	N/A
6	Rate 6T	\$11,283	\$18,135	\$6,853	60.74%
7	Rate 8T	\$0	\$0	\$0	N/A
8	Total	\$7,111,540	\$7,803,843	\$692,303	9.73%



OHIO VALLEY GAS, INC.
IURC CAUSE NO. 43208
TYPICAL BILL COMPARISON
RATE 1S-SMALL GENERAL SALES SERVICE

DATA: 12 MONTHS ENDED JUNE 30, 2006
TYPE OF FILING: CASE-IN-CHIEF
WITNESS: HEID

PETITIONER'S EXHIBIT KAH-6
SCHEDULE 1

LINE NO.	LEVEL OF USAGE (A)	CURRENT BILL (B)	PROPOSED BILL (C)	DOLLAR INCREASE (C - B) (D)	PERCENT INCREASE (D / B) (E)
	(therms)	(\$)	(\$)	(\$)	(%)
1	0	\$13.00	\$16.00	\$3.00	23.08%
2	10	\$25.57	\$29.61	\$4.04	15.81%
3	20	\$38.14	\$43.22	\$5.08	13.33%
4	30	\$50.70	\$56.83	\$6.12	12.08%
5	40	\$63.27	\$70.44	\$7.16	11.32%
6	50	\$75.84	\$84.05	\$8.21	10.82%
7	100	\$138.68	\$152.09	\$13.41	9.67%
8	150	\$201.52	\$220.14	\$18.62	9.24%
9	200	\$264.36	\$288.18	\$23.82	9.01%
10	250	\$327.20	\$356.23	\$29.03	8.87%
11	300	\$390.04	\$424.27	\$34.23	8.78%
12	350	\$452.88	\$492.32	\$39.43	8.71%
13	400	\$515.72	\$560.36	\$44.64	8.66%
14	450	\$578.56	\$628.41	\$49.84	8.62%
15	500	\$641.40	\$696.45	\$55.05	8.58%
16	600	\$767.08	\$832.54	\$65.46	8.53%
17	700	\$892.76	\$968.63	\$75.87	8.50%
18	800	\$1,018.44	\$1,104.72	\$86.28	8.47%
19	900	\$1,144.12	\$1,240.81	\$96.69	8.45%
20	1,000	\$1,269.80	\$1,376.90	\$107.10	8.43%
21	1,200	\$1,521.16	\$1,649.08	\$127.92	8.41%
22	1,400	\$1,772.52	\$1,921.26	\$148.74	8.39%
23	1,600	\$2,023.88	\$2,193.44	\$169.56	8.38%
24	1,800	\$2,275.24	\$2,465.62	\$190.38	8.37%
25	2,000	\$2,526.60	\$2,737.80	\$211.20	8.36%
26	2,200	\$2,777.96	\$3,009.98	\$232.02	8.35%
27	2,400	\$3,029.32	\$3,282.16	\$252.84	8.35%
28	2,600	\$3,280.68	\$3,554.34	\$273.66	8.34%

OHIO VALLEY GAS, INC.
IURC CAUSE NO. 43208
COST OF SERVICE STUDY
COMPARISON OF PRESENT AND PROPOSED RATES
LARGE VOLUME (NON-RATE 1) CUSTOMERS

DATA: 12 MONTHS ENDED JUNE 30, 2006
TYPE OF FILING: CASE-IN-CHIEF
WITNESS: HEID

PETITIONER'S EXHIBIT KAH-6
SCHEDULE 2

(1)	(2)	(3)	(4)	(5)	(6)	(7)
Customer	Rate	Annual	Present	Proposed	Increase	
<u>Account</u>	<u>Schedule</u>	<u>Usage</u>	<u>Rate</u>	<u>Rate</u>	<u>Amount</u>	<u>Percent</u>
9-51-0040-1	Rate 3	293,870	\$315,860	\$330,650	\$14,790	4.68%
9-51-0191-0	Rate 6	117,100	\$11,270	\$18,111	\$6,841	60.71%

Weather Normalization Adjustment Clauses Approved in the United States as of March 2007

Company	State	Mechanism Type 1 or 2	Year Approved	Rate Class or Customer Specific	Applicable Rate Classes	Effective Billing Month
1 Alagasco	Alabama	1	1990	Customer Specific	Residential & Small Commercial & Small Industrial	All 12 months
2 Centerpoint Energy Arkla (AR)	Arkansas	2	1995	Rate Class Specific	Residential & Small Commercial	November through April
3 Arkansas Oklahoma Gas Corporation	Arkansas	1	2000	Rate Class Specific	Residential, Small Business & Federal Housing Authority	November through April
4 Southern Connecticut Gas	Connecticut	1	1994	Customer Specific	Residential & General Service	September through June
5 Atmos - United Cities Gas (GA)	Georgia	1	1990	Rate Class Specific	Residential & Commercial & Public Authority	October through May
6 Vectren Energy Delivery of Indiana-North	Indiana	1	2005	Customer Specific	Residential & General Service	October through April
7 Vectren Energy Delivery of Indiana-South	Indiana	1	2005	Customer Specific	Residential & General Service	October through April
8 Lawrenceburg Gas Company	Indiana	1	2006	Customer Specific	Residential & General Service	October through April
9 Midwest Natural Gas Corporation	Indiana	1	2006	Customer Specific	Residential & General Service	October through April
10 Indiana Utilities Corporation	Indiana	1	2006	Customer Specific	Residential & General Service	October through April
11 South Eastern Indiana Natural Gas Co.	Indiana	1	2006	Customer Specific	Residential & General Service	October through April
12 Fountaintown Gas Company, Inc.	Indiana	1	2006	Customer Specific	Residential & General Service	October through April
13 Community Natural Gas Co.	Indiana	1	2006	Customer Specific	Residential & General Service	October through April
14 Boonville Natural Gas Corporation	Indiana	1	2006	Customer Specific	Residential & General Service	October through April
15 Chandler Natural Gas Corporation	Indiana	1	2006	Customer Specific	Residential & General Service	October through April
16 Indiana Natural Gas Corporation	Indiana	1	2006	Customer Specific	Residential & General Service	October through April
17 Citizens Gas & Coke Utility	Indiana	1	2007	Customer Specific	Residential & General Service	November through May
18 Atmos (Kansas)	Kansas	1	2003	Rate Class Specific	Residential & Commercial & Public Authority	October through May
19 Kansas Gas Service (ONEOK)	Kansas	2	2000	Rate Class Specific	Residential & Commercial	All 12 Months
20 Atmos (Western Kentucky)	Kentucky	1	2002	Rate Class Specific	Residential & Commercial & Public Authority	November through April

Weather Normalization Adjustment Clauses Approved in the United States as of March 2007

Company	State	Mechanism Type 1 or 2	Year Approved	Rate Class or Customer Specific	Applicable Rate Classes	Effective Billing Month
21 Columbia Gas of Kentucky	Kentucky	1	1997	Customer Specific	Residential & Commercial	December through April
22 Delta Natural Gas Co.	Kentucky	1	2000	Rate Class Specific	Residential & Commercial	December through April
23 Louisville Gas & Electric Co.	Kentucky	1	2000	Customer Specific	Residential & Commercial	May through November
24 Columbia Gas of Maryland	Maryland	1	1993	Rate Class Specific	Residential & Commercial	November through March
25 Baltimore Gas & Electric ("BG&E")	Maryland	2	1998	Rate Class Specific	Residential & General Service	All 12 Months
26 Elizabethtown Gas Co.	New Jersey	2	1992	Rate Class Specific	Residential & Commercial	October through May
27 New Jersey Natural Gas	New Jersey	2	1992	Rate Class Specific	Residential & General Service & Small Commercial	October through May
28 South Jersey Gas Co.	New Jersey	1	1992	Customer Specific	Residential, General Service, Commercial & Industrial	October through May
29 Brooklyn Union (Keyspan)	New York	1	1980	Customer Specific	All heating Customers	Mid October through Mid May
30 Consolidated Edison Co. of NY	New York	1	1989	Customer Specific	All heating Customers	October through May
31 Keyspan d/b/a Brooklyn Union of Long Island (LILCO)	New York	1	1992	Customer Specific	All heating Customers	October through May
32 National Fuel Gas	New York	1	1998	Customer Specific	Residential & General Service & Residential Transportation	October through May
33 Niagara Mohawk Power	New York	1	1994	Customer Specific	All heating Customers	October through May
34 Orange & Rockland Utilities	New York	1	1993	Customer Specific	Space Heating & Commercial & Industrial	October through May
35 New York State Electric & Gas Corp.	New York	1	2002	Customer Specific	Space Heating & Commercial & Industrial	October through May
36 Rochester Gas and Electric Corp.	New York	1	2004	Customer Specific	Space Heating & Commercial & Industrial	October through May
37 North Carolina Natural Gas	North Carolina	1	1991	Customer Specific	Residential & Commercial	Mid November through Mid April
38 Piedmont Natural Gas (NC)	North Carolina	1	1991	Rate Class Specific	Residential & Commercial	November through March
39 Public Service Co. of North Carolina (SCANA)	North Carolina	1	1991	Rate Class Specific	Residential & Small General Service	December through April
40 Oklahoma Natural Gas	Oklahoma	1	1995	Customer Specific	Residential & Commercial	November through April

Weather Normalization Adjustment Clauses Approved in the United States as of March 2007

Company	State	Mechanism Type 1 or 2	Year Approved	Rate Class or Customer Specific	Applicable Rate Classes	Effective Billing Month
41 Northwest Natural Gas Company	Oregon	1	2003	Rate Class Specific	Residential & Commercial	November 15 through May 15
42 New England Gas Co. (Providence Gas)	Rhode Island	2	2000	Rate Class Specific	All Classes	November through April
43 Piedmont Natural Gas (SC)	South Carolina	2	1996	Rate Class Specific	Residential & Commercial	Monthly
44 South Carolina Electric & Gas	South Carolina	1	1991	Customer Specific	Residential & Small General	November through April
45 Atmos-United Cities Gas (TN)	Tennessee	1	1991	Rate Class Specific	Residential & Commercial & Public Authority	November through April
46 Chattanooga Gas Co.	Tennessee	1	1991	Rate Class Specific	Residential & Commercial & Public	November through April
47 Piedmont Natural Gas (TN)	Tennessee	1	1991	Rate Class Specific	Residential & Commercial	November through March
48 Atmos Energy (Texas)	Texas	1	2003	Rate Class Specific	Residential & Commercial & Public Authority	October through May
49 Texas Gas Service Company (OneOk as of 01-01-03)	Texas	1	1993	Rate Class Specific	Residential & Commercial	September through May
50 TXU Electric and Gas (Lone Star Gas) **	Texas	1	1980	Customer Specific	Residential & Commercial	October through May
51 Questar (Mountain Fuel Supply)	Utah	1	1995	Customer Specific	Residential & Commercial	All 12 months
52 Virginia Natural Gas	Virginia	1	2002	Customer Specific	Residential & General Service	November through May
53 Questar (Mountain Fuel Supply)	Wyoming	1	1995	Customer Specific	Residential & Commercial	All 12 Months

